

KAY POWER AND PAPER LIMITED



**29th
Annual Report
2019-2020**



KAY POWER AND PAPER LIMITED

(Formerly KAY PULP AND PAPER MILLS LTD.)

BOARD OF DIRECTORS : 1. Mr. Niraj Chandra - Chairman and Managing Director
2. Mrs. Deepa Agarwal - Director
3. Mr. Arvind V. Kulkarni - Independent Director
4. Mr. Kaustubh Wadikar - Independent Director
5. Mr. Sandeep Shahapurkar - Independent Director

COMPANY SECRETARY : Mr. Sagar Mohite

AUDITORS : M/s. A. C. Doshi & Co.
Chartered Accountants
472/A, Shriyay Apts,
Near Kadam Baug, Sadar Bazar
Satara - 415001

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. Email ID - kppl.secretarial@gmail.com

WEBSITE : [www. Kaypowerandpaper.com](http://www.Kaypowerandpaper.com)

TWENTY-NINTH ANNUAL GENERAL MEETING
MONDAY, 28th SEPTEMBER, 2020

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



NOTICE

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting of the Members of KAY POWER AND PAPER LIMITED will be held at 3.00 p.m. on Monday, 28th September 2020 at the Registered Office of the Company at Gat No. 454/457, Village Borgaon, Tal. /Dist. Satara-415519, Maharashtra, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2020, the reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Mrs. Deepa Agarwal (DIN: 00452947), who retires by rotation at this Annual General Meeting and being eligible has offered herself for re-appointment.

SPECIAL BUSINESS:

Item No. 3: Approval of Material Related Party Transaction

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

“RESOLVED THAT pursuant to section 188 and other applicable provisions, if any of the companies act 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any amendment and statutory Modifications(s) or re-enactment thereof, for the time being in force, consent of the members be and is hereby accorded to the board of directors to enter into the material related party transactions with M/s. Kay Bouvet Engineering Limited, a company incorporated under the Companies act, 1956 and having its registered office at N-3 Additional MIDC, Area Satara – 415004, for design, manufacturing, supplying, erecting and commissioning of 3 MW power plant for captive consumption and expansion of current capacity of paper division of the company from 25000 TPA To 30000 TPA aggregate worth of Rs. 22,00,00,000/- (Twenty Two crores Only) plus taxes extra on prevailing market price.

RESOLVED FURTHER THAT Mr. Niraj Chandra (DIN:00452637), Chairman and Managing Director of the company, be and hereby authorised to do such acts, deeds, things and execute all such documents, undertaking as may be necessary for giving effect to the above resolutions.

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

Place : Satara
Date : 14th August, 2020

NIRAJ CHANDRA
CHAIRMAN &
MANAGING DIRECTOR
DIN: - 00452637

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. Brief resume of Directors including those proposed to be re-appointed, as stipulated under Regulation 36(3) Securities and Exchange Board of India (listing obligations and Disclosure requirements) regulations, 2015, are provided in the Corporate Governance Report forming part of the Annual Report.
3. Register of Members and Share Transfer Books of the Company will be closed from Monday, 21st September 2020 to Monday, 28th September 2020 (Both Days



inclusive).

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 Meetings so that the information can be made available at the time of the Meeting.
5. Shareholders can send all documents / transfers, share certificates and all communications directly to Registrar and Transfer Agent at the address given below:-
M/s. Link Intime India Private Limited.,
Unit: KAY POWER AND PAPER LTD
C 101, 247 Park, 1st Floor, L.B.S. Marg,
Vikhroli (W), Mumbai - 400083.
Tel No: 022 49186000 (F) 49186060
Email ID: dematremat@linkintime.co.in/
rnt.helpdesk@linkintime.co.in.
6. The shares of the Company are compulsorily traded in demat. The shareholders who have not dematerialized their shares are requested to opt for dematerialization 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.
7. 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, and as per the regulation 36 (1) Securities and Exchange Board of India (listing obligations and Disclosure requirements) regulations, 2015 companies can now send documents and other notices to shareholders through electronic mode to promote paperless compliances. Further, Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the 29th AGM and the Annual Report for the year ended 31st March, 2020 including therein the Audited Financial Statements for year ended 31st March, 2020, are being sent only by email to the Members.

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's website fill up the same and send to the Registrar and Share Transfer Agent (RTA) on given address or Email- dematremat@linkintime.co.in \ rnt.helpdesk@linkintime.co.in or kppl.secretarial@gmail.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.

8. 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 and Bank Account details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details and Bank Account Details to the Company or RTA.
9. 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 (2019-20).



10. 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 dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/ RTA
11. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to an Individual Member. Members holding shares in physical form may utilize the nomination facility available by sending prescribed Form SH. 13 duly filled to our Registrars and Share Transfer Agents Viz.M/s.Link Intime India Private Limited, Unit:- Kay Power and Paper Limited, C 101, 247 Park, 1stFloor, L.B.S. Marg, Vikhroli (W), Mumbai - 400083. Members holding shares in dematerialized form has to send their "nomination" request to the respective Depository Participants.
12. In all correspondence with the Company, members are requested to quote their account/ folio numbers and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID. No(s).
13. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from 1st April, 2019. In view of the above, members are advised to dematerialise shares held by them in physical form.

14. Voting through Electronic Means

- a) In compliance with the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and 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 29th 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 shareholders voting electronically are as under:

The voting period begins on Friday, 25th September 2020 at 9.00 am and ends on Sunday, 27th, September 2020 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 21st September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The shareholders should log on to the e-voting website www.evotingindia.com.

Click on Shareholders / Members

Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

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

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

Next enter the Image Verification as displayed and Click on Login.

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.

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

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details	<ul style="list-style-type: none"> Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

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

Members holding shares in physical form will then directly reach 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.

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

Click on the EVSN for the relevant <Kay Power and Paper Limited> on which you choose to vote.

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.

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

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.

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

You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

If a demat account holder has forgotten the changed password, then Enter the User ID and the image verification code and click on Forgot Password & entering the details as prompted by the system.

Shareholders can also cast their vote using CDSL's mobile app M-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details a Compliance User should be created using the admin login



and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Place : Satara **NIRAJ CHANDRA**
Date : 14th August, 2020 **CHAIRMAN &**
MANAGING DIRECTOR
DIN: - 00452637

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

Item No. 3:

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 resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions are not on arm's length basis 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 Regulation 23(4) of the Securities and Exchange Board of India (listing obligations and Disclosure requirements) regulations, 2015 and as per the related party policy of the company, except with the prior approval of the shareholders of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions where exceeding the 10% of last annual consolidated turnover of the company as per the last audited financial statements of the company.

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.

Board of Directors in its meeting held on 26th June, 2020 has approved the material related party transaction, subject to approval of members of the company in general meeting to be entered with the related party M/s. Kay Bouvet Engineering Limited for design, manufacturing, supplying, erecting and commissioning of 3 MW power plant for captive consumption and expansion of current capacity of paper division of the company from 25000 TPA To 30000 TPA aggregate worth of



Rs. 22,00,00,000/- (Twenty two crores Only) plus taxes extra on prevailing market price.

The aforesaid related party transaction to be entered 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.

Information as per the sub- rule 3 of rule 15 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 Key managerial Personnel who is related, if any –

1. Mr. Niraj Chandra

2. Mrs. Deepa Agarwal

3. Nature of Relationship- Mr. Niraj Chandra holds position as a Managing Director in both the companies and Mrs. Deepa Agarwal wife of Mr. Niraj Chandra holding more than 2% shares 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 to be entered for supplying the design, manufacturing, supplying, erecting and commissioning of 3 MW power plant for captive consumption and expansion of current capacity of paper division of the company from 25000 TPA To 30000 TPA aggregate worth of Rs. 22, 00, 00,000/- (Twenty Two crores Only) plus taxes extra on prevailing market price.

5. The contract to be 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 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 26th June, 2020.

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 & Managing Director and Mrs. Deepa Agarwal, Director of the company and their relatives will not vote on 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. 3 of the Notice for approval by the shareholders

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

Place : Satara

Date : 14th August, 2020

NIRAJ CHANDRA
CHAIRMAN &
MANAGING DIRECTOR
DIN: - 00452637



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting Twenty-Ninth Annual Report on the business and operations of your Company and Audited Financial Statement for the year ended 31st March 2020.

FINANCIAL RESULTS :

	(Rs. in lacs)	
	2019-20	2018-19
Revenue from operations (Net)	2960.81	3962.63
Other Income	86.73	969.98
Total Revenue	3047.54	4932.61
Less: Expenses		
Cost of material consumed	1901.28	2638.34
Changes in Inventories of finished Goods & Work in Progress	(15.87)	(7.48)
Manufacturing Expenses	675.32	687.85
Employee Benefit Cost	119.04	128.32
Finance cost	19.72	131.13
Depreciation and amortization Expenses	84.02	83.06
Other Expenses	263.47	311.18
Total Expenses	3047.00	3972.40
Exceptional Items	0.00	952.03
Net Profit Before Tax	0.54	8.19
Less: Income tax provision	0.10	1.52
Net Profit After Tax	0.44	6.67

OPERATIONS :

During the year under review, the paper division produced 15108 M.T. of Kraft Paper as against

16673.61 M.T. in the previous year.

The operations of the company were closed from 22/03/2020 to 07/06/2020 due to the unprecedented COVID – 19 pandemic outbreak in the country and Govt. of India suddenly declared total lock down of all activities and it has impacted on the sales of the company. Further, it has also impacted on the availability of raw material and supply of workforce. The operation of the company has been restarted partially from 08/06/2020. The full-fledged operations of the company will commence after joining of all the workforce and availability of raw material.

RESERVE AND SURPLUS

An amount of Rs. 0.44/- Lacs is proposed to be retained in the surplus:

STATEMENT ON RISK MANAGEMENT POLICY:

The management of the Company has duly adopted the Risk Management Policy as per the requirement of the Companies Act, 2013. Further, they had taken adequate care in its implementation by identifying various elements of risk which may cause serious threat to the existence of the Company.

PROSPECTS:

The company has a well-established network of dealers all over western and southern India for sale of its paper products and continually working to strengthen the network and to get the new orders for Kraft paper. The Company could sell its entire output without any difficulty. The Company produces a wide range of Kraft paper from 80 gsm to 180 gsm, to meet the requirements of all the market segments.

Market for Kraft paper has revived and is growing especially in the industrial packaging sector where craft paper is utilized. Plastic / wood packaging have been discouraged and hence the demand for packaging of Kraft paper is increasing day by day.

In view of the preventive measure and announcement of nation-wide lock down by the Government to contain the spread of COVID 19 pandemic, most of the industrial establishments had closed their operations from 24th March, 2020 onwards. The some industrial establishments are reopened after the easeof restrictions of lock down but some establishment are still closed. Our company's operations had also closed from 24th March, 2020 and restarted partially from 8th June, 2020. The Govt. of India have still not eased all the restrictions which were imposed on 24th March, 2020.

Under this scenario, the revenue of the financial year 2020-21 of the company will be affected adversely as well as the company is also facing the shortage of raw material and workforce. The company is continuously working on plans to overcome from this current situation and to minimize the impact on the revenue of the company in FY 2020-21.

The company is planning to install 3 MW power plant for captive consumption to curtail the power cost of Kraft Paper production. Further company is also planning to expand present manufacturing capacity of paper machineries from 25000 TPA to 30000 TPA. After the completion of said expansion, the company will produce Kraft Paper up to 30000 TPA in a year.

DIVIDEND:

In view of the small profit and carried forward losses of the Company, it is not possible for your Directors to recommend any dividend.

MATERIAL CHANGES AND COMMITMENT

There are no material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which this financial statement relates on the date of this report.

FIXED DEPOSIT:

As on 31st March 2020, Company has no fixed deposits.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

Related Party Transactions (RPT) excluding the material related party transaction that were entered into during the financial year were on an arm's length basis and in the ordinary course of business.

During the year, company has not entered into any material contract/arrangement which required prior approval of Board or shareholders of the company, hence report in the form AOC 2 under the sub-section 2 of section 188 of the Company's act 2013 is not provided in this Board Report.

The policy on dealing with RPT as approved by the Board is uploaded on the Company's website (<http://www.kaypowerandpaper.com>) The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of RPT, keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All RPT are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for RPT that are of repetitive nature and / or entered in the ordinary course of business and are at arm's length. All RPT are