

KAY PULP AND PAPER MILLS LIMITED



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**9th
Annual Report
1999-2000**



KAY PULP AND PAPER MILLS LIMITED

BOARD OF DIRECTORS : Mr. Sushil Chandra
Mr. Anilkumar Gupta
Mr. Kishor A. Shivkar Nominee of SICOM LIMITED
Dr. Anil K. Rajvanshi Nominee of IREDA
Mr. Niraj Chandra Chairman and Managing Director

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

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

**NINTH ANNUAL GENERAL MEETING
SATURDAY, 30TH SEPTEMBER, 2000**

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

9 th ANNUAL REPORT 1999-2000**NOTICE**

NOTICE is hereby given that the Ninth Annual General Meeting of the members of Kay Pulp and Paper Mills Limited will be held on Saturday, 30th September, 2000 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, 2000 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. Anilkumar Gupta, 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 a Special Resolution.

"RESOLVED THAT pursuant to Section 81(1A) of the Companies Act, 1956 and other applicable provisions if any, of the said Act and in accordance with the provisions of the Memorandum and Articles of Association of the Company and also subject to such terms and conditions as may be determined by the Board of Directors of the Company (the "Board" which term shall be deemed to include for the purposes of this resolution any committee of Directors) and further also subject to such approvals, consents, permissions or sanctions of appropriate authorities and also of financial institutions, bank etc. with whom the Company has any borrowing arrangements and under which such approvals, consents, permissions, sanctions as may be necessary, the consent of the Company be and is hereby accorded to the Board, offering, issuing and allotting on Private Placement basis to the Bodies Corporate, Promoters, Directors or any other persons/parties, whether they are holders of Equity Shares of the Company or not, in one or more trenches, from out of the Authorised Capital of the Company an appropriate number of Equity Shares and/or Preference Shares, Cumulative or Non-Cumulative, at par and in such numbers as the Board may decide for a sum not exceeding Rs. 5,00,00,000/- (Rupees Five Crore only.) in the manner and on the terms and conditions as may be determined by the Board and that :

The Preference Shares issued and allotted by the Company in the manner aforesaid, will be subject to the provisions of the Companies Act, 1956 and Memorandum and Articles of Association of the Company ;

The aforesaid Preference shares will carry such rate of dividend whether Cumulative or Non-Cumulative that may be fixed by the Board of Directors in their absolute discretion ;

The preference shares will be redeemable at such price, in one or more instalments on expiry of specified period as may be agreed to by the Board and the subscriber(s).

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications and re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby altered in the following manner ;

- a. Under the existing Article 2, interpretation of Member be deleted and substituted with the following :
"Member" means any person who agrees in writing to become a member of the Company and whose name is entered in its Register of Members and includes every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of a depository.

- b. Under the existing Article 2, interpretation of the Register of Members be deleted and substituted with the following :

"The Register" shall mean the Register and Index of Members in accordance with Sections 150



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- and 151 and all other applicable provisions of the Companies Act, 1956 and shall include the Register and Index of Beneficial Owner, maintained in accordance with the Depositories Act, 1996.
- c. Insert the following Article 16 a, after Article 16 with the marginal notes thereon :
- 16(a) Dematerialisation of Securities :
- (i) **Definitions**
For the purpose of this Article :
 - (a) 'Depository' shall mean a depository as defined under clause (e) of sub section (1) of Section 2 of the Depositories Act, 1996.
 - (b) 'Depositories Act' shall mean the Depositories Act, 1996 (22 of 1996) and shall include any statutory modifications or re-enactment thereof.
 - (c) 'Beneficial Owner' shall mean the Beneficial Owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
 - (d) 'Security' means such security as may be specified by Securities and Exchange Board of India from time to time.
 - (ii) **Dematerialisation of Securities.**
Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
 - (iii) **Options for Investors**
Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.
If a person opts to hold his/her security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
 - (iv) **Securities in Depositories to be in fungible form.**
All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the Securities held by it on behalf of the beneficial owners.
 - (v) **Rights of Depositories and Beneficial Owners:**
 - (a) Notwithstanding anything to the contrary, contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
 - (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities, which are held by a depository.
 - (vi) **Beneficial Owner may opt for out of a Depository.**
Every person holding securities of the Company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided in the Depositories Act, 1996 and on exercise of such option and on fulfilment of the conditions and payment of the fees prescribed under the said Act, the Company shall rematerialise the relevant securities and issue to the beneficial owner thereof the requisite certificates of such securities.

(vii) Service of Documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or diskette.

(viii) Transfer of Securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(ix) Allotment of Securities dealt with in a Depository.

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(x) Distinctive numbers of Securities held in a Depository.

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

(xi) Register and Index of Beneficial Owners.

The Register and Index of beneficial owners in any media as may be permitted by law including in any form of electronic media maintained by a depository under the Depositories Act, 1996, shall be deemed to be the register and Index of Members and security holders for the purpose of such securities.

(d) Insert the following Article 67(a) and 67(b) after Article 67 with the marginal notes thereon ;

67(a) Nomination

- (i) Notwithstanding anything to the contrary in these Articles, every Shareholder or Debenture holder of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- (ii) A member may revoke or vary his nomination at any time by notifying the Company to this effect.
- (iii) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders in the manner prescribed under the Act, any rules and regulations made thereunder for the time being in force.
- (iv) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall on the death of the shareholder or debenture holder or, as the case may be on the death of all the joint holders, become entitled to all the rights in such shares or debentures or as the case may be, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (v) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the manner prescribed under the provisions of the Act, any person to become entitled to shares in or debentures of the Company, in the event of his death during the minority.
- (vi) The provisions of this Article shall apply mutatis mutandis to a deposit of money made with the Company as per the provisions of Section 58-A of the Act.

67(b) Transmission of Securities in the name of the nominee.

A nominee, by virtue of provisions of Article 67(a), upon production of such evidence as may be required by the Board and subject as hereinafter provided, shall elect, either ;

- (i) to be registered himself as holder of the share or debenture, as the case may be, or
- (ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, could have made.



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(iii) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the certificate of death of the deceased shareholder or debenture holder for the share or debenture as the case may be, held by the deceased in the Company.

(iv) A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the shares or debentures except that he shall not, before being registered as a holder in respect of his shares or debentures, be entitled in respect of it to exercise any right conferred on a member or a debenture holder in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable or rights accruing in respect of the relevant shares or debentures, until the requirements of the notice have been complied with.

(e) The following paragraph be added after Article 67(b)

Nothing contained in Article 67(b) shall apply to transfer of shares or debentures effected by the transferor and the transferee, both of whom are entered as beneficial owners in the records of a depository.

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

"RESOLVED THAT Mrs. Deepa Chandra, be and is hereby appointed as a Director of the Company, whose period of office will be liable to retire by rotation."

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

PLACE : Satara
DATE : 30th July, 2000

Sham A. Mulye
Company Secretary &
Manager Finance

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 to 6 in the above notice, is annexed hereto.
3. Register of Members and Share Transfer Books of the Company will be closed from Saturday, 23rd September, 2000 to Saturday, 30th September, 2000. (Both days inclusive.)
4. The Members are requested to get the multiple folios consolidated and also get the shares transferred in joint names if they are held in single name to avoid inconvenience in future.
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- 411 001.
7. Disclosure under Stock Exchange requirements made pursuant to SEBI circular dated 29th April, 1998. The Equity Shares of the Company are listed on Pune and Mumbai Stock Exchanges and Company has initiated process of delisting of its Equity Shares from Ahmedabad and New Delhi Stock Exchanges, where no trading has occurred since listing.
The Company has paid listing fees for Pune and Mumbai Stock Exchanges for the year 2000-2001.

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

Pursuant to the resolution passed in the Extra-Ordinary General Meeting held on 28th November, 1998, the promoters had brought in required contribution of Rs. 440 lac. However the currency of this resolution expired before the allotment of shares hence, this resolution has become necessary. The Board recommends passing of the resolution as set out in item No. 4 of the Notice.

Mr. Niraj Chandra and Mr. Sushil Chandra, Directors, may be deemed to be concerned or interested in the above said resolution to the extent of shares which may be issued and allotted to them, their relatives or body(ies) corporate in which they are Director(s)/member(s).

Item No. 5 :

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate implementation of the new system. The Depository System of holding securities in electronic form is a far safer and more convenient method for holding and trading in the securities of a company. Upon the direction from SEBI making Dematerialised trading of the Company's Shares by all investors with effect from 25th September, 2000, your Company would be entering into separate Tripartite Agreements with both the Depositories viz., National Securities Depository Limited and Central Depository Services (India) Limited, in accordance with the provisions of the Depositories Act, 1996, for giving effect to dematerialised trading in depository system. Consequent to this, some of the provisions of the Articles of Association of the Company have to be amended suitably, as set out in the Resolution to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owner of the securities in such a system.

Further, the holders of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company shall vest in the event of death of the holder, by the introduction of Section 109 A and 109 B by the Companies (Amendment) Act, 1999.

The Board recommends passing of the resolution as set out in item No. 5 of the Notice.

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

Item No. 6 :

To overcome the administrative difficulties occurred due to sudden death of Mr. Suhas M.Sadekar, a need of local Director has emerged. Mrs. Deepa Chandra had sent a notice signifying her candidature for the office of Director alongwith a deposit of Rs.500/-. Mrs. Deepa Chandra being from a business family is having rich experience which the Board considers beneficial and in the interest of the Company and accordingly recommends her appointment as Director.

Mr. Sushil Chandra and Mr.Niraj Chandra, being relative of Mrs. Deepa Chandra, are interested in passing of this resolution.

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

PLACE : Satara
DATE : 30th July, 2000

Sham A. Mulye
Company Secretary &
Manager Finance