

KAY POWER AND PAPER LIMITED



**23rd
Annual Report
2013-2014**



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 (from 28.12.2013) (From 28/12/2013 to 04/07/2014) (From 08/07/2014)
COMPANY SECRETARY	:	Mr. Sham A. Mulye Mr. Sagar Mohite	(Till 31.03.2014) (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	:	Plot no. B -54, OLD MIDC Area, Satara - 415004 Maharashtra	
WEBSITE	:	www. Kaypowerandpaper.com	

TWENTY THIRD ANNUAL GENERAL MEETING MONDAY, 22ND SEPTEMBER, 2014

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 Third Annual General Meeting of the Members of KAY POWER AND PAPER LIMITED will be held at 3.00 p.m. on Monday, 22nd September, 2014 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 consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2014, 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 himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded to re-appoint M/s. Godbole & Company, Chartered Accountants (Firm Regn. No. 117969W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting

FURTHER RESOLVED THAT they may be paid the remuneration which may be decided by the Board of Directors of the Company or committee thereof."

AS SPECIAL BUSINESS:

4. To appoint Mr. Kaustubh Narayan Wadikar (DIN: 06772587) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Kaustubh Narayan Wadikar (DIN: 06772587), who was appointed as an Additional Director of the company by the Board of Directors with effect from 28th December, 2013 in terms of Section 260 of the Companies Act, 1956 [corresponding to Section 161(1) of the Companies Act, 2013] and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019."

5. To appoint Mr. Sandeep Shahapurkar (DIN: 06919724) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sandeep Shahapurkar (DIN: 06919724), who was appointed as an Additional Director of the company by the

Board of Directors with effect from 8th July, 2014 in terms of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the calendar year 2019."

6. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the cost auditor M/s S. V. Vhatte & Associates, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration of Rs. 25,000 (Twenty Five thousand only) plus service tax and out of pocket expenses.

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

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

Place : Satara NIRAJ CHANDRA
Date : 8th July, 2014 MANAGING DIRECTOR

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 appointed / 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.
3. 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.
4. Register of Members and Share Transfer Books of the Company will be closed from Monday, 15th September, 2014 to Monday, 22nd September, 2014 (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. Members who have not registered their e-mail addresses so far are requested to register their e-mail address either DP or Company for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically. The same is also available on the website of the Company -www.kaypowerandpaper.com
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. I. Voting through Electronic Means

In compliance with provisions of section 108 of the Companies Act 2013 and rules 20 of the Companies and Administration) Rules 2014, the company is pleased to provide members facility to exercise their right to vote at the 23rd Annual general Meeting (AGM) by electronic Means and

the business may be transacted e-voting Services provided by Central Depository Services (India) Limited (CDSL)

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

A) In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" i.e. Kay Power and Paper Limited from the drop down menu and click on "SUBMIT"
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) 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 of shares held by you as on the cut off date** in the **Dividend Bank details field**.

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

(ix) 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.

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

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

(xii) 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.

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

(xiv) 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.

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

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

(xvii) 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.

- 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.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on Tuesday 16th September 2014 at 9.00 am and ends on Thursday 18th September, 2014 at 6.00 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 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) 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.
- II. a) M/s. Bokil Punde & Associates, 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, forthwith 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

The Board of Directors of the Company appointed, pursuant to the provisions of Section 260 of the companies act 1956 corresponding to Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Kaustubh Narayan Wadikar (DIN: 06772587) as an Additional Director of the Company with effect from 28th December, 2013.

In terms of the provisions of Section 161(1) of the Act, Mr. Kaustubh Narayan Wadikar would hold office up to the date of the ensuing Annual General Meeting The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Kaustubh Narayan Wadikar for the office of Director of the Company.

Mr. Kaustubh Narayan Wadikar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an

independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Kaustubh Narayan Wadikar that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Mr. Kaustubh Narayan Wadikar possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the opinion of the Board, Mr. Kaustubh Narayan Wadikar fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Kaustubh Narayan Wadikar is independent of the management.

Brief resume of Mr. Kaustubh Narayan Wadikar, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships /chairmanships of Board Committees, shareholding and relationships between directors inter-se 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

Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr. Kaustubh Narayan Wadikar is appointed as an Independent Director.

Copy of the draft letter for appointment of Mr. Kaustubh Narayan Wadikar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Mr. Kaustubh Narayan Wadikar none of the other Directors / Key

Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

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

Item No. 5

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sandeep Shahapurkar (DIN: 06919724) as an Additional Director of the Company with effect from 8th July, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Sandeep Shahapurkar would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Sandeep Shahapurkar for the office of Director of the Company.

Mr. Sandeep Shahapurkar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Sandeep Shahapurkar that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Mr. Sandeep Shahapurkar possesses appropriate skills, experience and knowledge, inter alia, in the field of finance.

In the opinion of the Board, Mr. Sandeep Shahapurkar fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Sandeep Shahapurkar is independent of the management.

Brief resume of Mr. Sandeep Shahapurkar, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se 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

Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr. Sandeep Shahapurkar is appointed as an Independent Director.

Copy of the draft letter for appointment of Mr. Sandeep Shahapurkar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Mr. Sandeep Shahapurkar none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for

ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

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

Place: Satara

NIRAJ CHANDRA

Date: 8th July, 2014

MANAGING DIRECTOR

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting Twenty Third Annual Report on the business and operations of your Company and Audited Accounts for the year ended 31ST March, 2014.

FINANCIAL RESULTS :

(Rs. in lacs)

	2013-14	2012-13
Total Revenue	2780.45	2,549.98
Net Profit	6.67	6.03

OPERATIONS :

During the year under review, only Paper Division was operational throughout the year producing 12455 M.T. Kraft Paper and achieved sales of 2769.55 Lac as against 12167 M'T' and Rs. 2540.67 lac of the previous year. The net profit was Rs. 6. 67 Lac as against Rs. 6.03 lac of the previous year.

Company could not run Power Division due to non availability of bagasse, raw material for Power generation during the 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.

PROSPECTS :

The streamlined operations of Paper Division will continue to give good results during the current year too.

The Company may restart operations of Power Division after commencement of new sugarcane crushing season, in October - November 2014, when the bagasse will be amply available. Final Power tariff revision / permission to sale power to third party is expected from M.E.R.C., which will improve the viability of Power Division.

REHABILITATION SCHEME :

The final draft rehabilitation scheme has been submitted to operating agency M/s. Indian Renewable Energy Development Agency Ltd (IREDA) for onwards submission to BIFR.

DIRECTORS :

Mr. Kaustubh Wadikar was appointed as Additional Director on the Board of your Company on 28th December, 2013. He will hold office till the conclusion of the ensuing Annual General Meeting. Being eligible Mr. Kaustubh Wadikar offers himself for re-appointment at the ensuing Annual General Meeting. The necessary resolution is being put in the Notice of the ensuing Annual General Meeting for the consideration of the Members.

Mr. Sandeep Shahapurkar was appointed as Additional Director on the Board of your Company on 8th July, 2014. He will hold office till the conclusion of the ensuing Annual General Meeting. Being eligible Mr. Sandeep Shahapurkar offers himself for re-appointment at the ensuing Annual General Meeting. The necessary resolution is being put in the Notice of the ensuing Annual General Meeting for the consideration of the Members

Mrs. Smita Phadke was appointed as Additional Director on the Board of your Company on 28th December, 2013 and she has resigned for the office of Additional director form dated 4th July, 2014

DIRECTORS RESPONSIBILITY STATEMENT :
(Under sub-section (2AA) of Section 217 of the Companies Act, 1956, as amended.)

The Directors confirm that;

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- 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