

## 20<sup>th</sup> ANNUAL REPORT 2010-2011

### DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting Twentieth Annual Report on the business and operations of your Company and Audited Accounts for the year ended 31<sup>st</sup> March, 2011.

#### FINANCIAL RESULTS :

	(Rs. in lac)	
	<u>2010-11</u>	<u>2009-10</u>
Net Sales	<b>2,283.49</b>	1,599.40
Gross Profit	<b>81.25</b>	54.48
Remission /Reversal of Interest		31.14
Net Profit	<b>81.25</b>	85.44
Loss carried to Balance Sheet	<b>1,483.55</b>	1,564.79

#### OPERATIONS :

During the year under review, Paper Division was operational throughout the year producing 10588 M.T. Kraft Paper and achieved higher sales of Rs.2123.33 lac as against 1,599.40 lac of the previous year. Power Division was operational in the last quarter of the financial year and exported 33,43,600 Units to MSEDCL amounting to Rs. 160.16 lac. The net profit was Rs. 81.25 lac as against 54.48 lac of the previous year.

#### DIVIDEND :

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

#### PROSPECTS :

The Company will restart operations of Power Division after commencement of new

sugarcane crushing season, in October - November 2011 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.

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

Formalities for getting carbon credit are at advanced stage and credits are expected in the forthcoming year.

#### REHABILITATION SCHEME :

Draft of rehabilitation scheme prepared by Indian Renewable Energy Development Agency Ltd.(IREDA), Operating Agency has been circulated by Board for Industrial And Financial Reconstruction (BIFR) and results awaited.

#### DIRECTORS :

Mr. Niraj Chandra, Director of the Company will retire by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The necessary resolution for this is being put in the notice of the ensuing Annual General Meeting for the recommendation of the members.

#### 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 alongwith 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.

- iii. To the best of their knowledge and information they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv. the accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE :**

Pursuant to clause 49 of the Listing Agreement, report on Corporate Governance alongwith Auditor's certificate on its compliance is attached as annexure 1 to this report.

**AUDITORS :**

The retiring Auditors M/s. Godbole & Company, Chartered Accountants, Satara, is eligible for re-appointment and have indicated their willingness to act as such in terms of Section 224A of the Companies Act, 1956. Their appointment needs to be confirmed and their remuneration is to be fixed.

**AUDITORS REPORT :**

The observations of the Auditors in their report are self explanatory and have been explained in the notes to the Accounts as referred to in their report.

**FIXED DEPOSIT :**

As on 31<sup>st</sup> March, 2011, Company has no

fixed deposits.

**STATUTORY PARTICULARS :**

In terms of Section 217(1) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo is given in the annexure 2 of this report.

None of the employees of the Company is in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

**LISTING WITH THE STOCK EXCHANGE :**

The Equity Shares of your Company are listed on Bombay Stock Exchange Ltd., where the same are traded regularly.

**ACKNOWLEDGEMENT :**

Your Directors appreciate valuable contribution of employees at all levels.

Your Directors place on record their gratitude for the co-operation received from Indian Renewable Energy Development Agency Ltd., Maharashtra State Electricity Distribution Company Ltd., Central Bank of India, IDBI Bank Ltd., HDFC Bank Ltd., Suppliers, Customers and Shareholders of the Company and look forward for their continuous support in coming years.

For and on behalf of the Board of Directors

sd/-

Niraj Chandra  
Chairman and

Place : Satara  
Date : 28<sup>th</sup> June, 2011

Managing Director

**ANNEXURE 1 : CORPORATE GOVERNANCE**

**1. Company's philosophy on Corporate Governance**

The Company believes in the practice of good Corporate Governance and acting as a good corporate citizen.

The spirit of Corporate Governance has been prevailing in the Company for years together. The Company believes in the values of transparency, accountability and integrity. The Company recognizes the accountability of the Board and importance of its decision on every individual who comes in contact with the Company.

**2. Composition of Board**

The Board of Directors has a mix of Executive and Non Executive Directors. The Board comprises one Promoter-Executive Chairman and Managing Director and two Non Executive Directors. One of the two Non Executive Directors is Independent Director. Though the Company intends to appoint additional directors, to fill the vacancies caused by withdrawal of nomination and resignation, is not getting proper response in the present scenario.

Table 1 - The composition of the Board and other directorships and committee positions held on 31.3.2011.

Name of the Director	Category	No. of other Directorships	Committee positions	
			As Chairman	As Member
Mr. Niraj Chandra	Executive	Nil	1	
Ms. Deepa Agarwal	Non Executive	Nil		1
Mr. A.T. Shaikh	Non Executive Independent	1		1

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

During the year 1.4.2010 to 31.3.2011, four Board Meetings were held on 30.05.2010, 12.08.2010, 14.11.2010 and 14.02.2011.

The last Annual General Meeting was held on 30<sup>th</sup> September, 2010.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Niraj Chandra	4	Absent
Ms. Deepa Agarwal	-	Present
Mr. A. T. Shaikh	4	Absent

**3. Audit Committee**

The Audit Committee comprises 2 Non Executive Directors, Ms. Deepa Agarwal and Mr. A.T.Shaikh, after IREDA'S withdrawal of nomination of Dr. Anil K. Rajvanshi, Chairman of the Audit Committee. Audit Committee meetings could not be held for want of quorum. Though the Company intends to appoint additional director to recoup the vacancy caused by withdrawal of nomination, is not getting proper response in the present scenario.

The Company Secretary acts as the Secretary of the committee.

The Audit Committee is responsible for overseeing the Company's financial reporting process, reviewing with the management the financial statements and adequacy of internal accounting

functions and discuss significant findings on the accounting statements. The committee acts as a link between the management, external auditors and the Board of Directors of the Company.

#### 4. Remuneration Committee

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

(Rs.)

Name of the Director	Sitting fee	Salary	Commission	Total
Mr. Niraj Chandra	-	*	-	-
Mr. A. T. Shaikh	2000	-	-	2000
Ms. Deepa Agarwal	-	-	-	-

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

#### 5. Shareholders/ Investors grievance committee

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

Company had appointed Sharepro Services (India) Pvt. Ltd., as Common RTA w. e. f. 1.7.2006.

#### 6. General Body Meetings

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

AGM for the Financial Year	Date	Time	Venue for all the three AGMs
2007-08	30.09.2008	3.00 p.m.	Gat No.454/457, A/P. Borgaon T/D. Satara – 415 519.
2008-09	29.09.2009	3.00 p.m.	
2009-10	30.09.2010	3.00 p.m.	

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

#### DISCLOSURES :

- The transactions with related parties were undertaken in the normal course of business and were at terms and conditions, which were not prejudicial to the interest of the Company.
- The Company has complied with all the requirements of the Listing Agreement with the Stock Exchange as well as regulations and guidelines of SEBI, no penalties or strictures have been imposed by SEBI, Stock Exchange or any Statutory Authority on matters relating to capital markets during the last three years. Company had stopped paying Listing fees to Ahmedabad and New Delhi Stock Exchanges from the year 1997-98 as not a single transaction occurred on the floors of both exchanges for almost 2 years since listing in May 1995 and in 2004 delisted Equity Shares from Pune Stock Exchange Ltd..

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### MEANS OF COMMUNICATION :

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

### GENERAL SHAREHOLDERS' INFORMATION

Financial reporting for the quarter ending 30.6.2011 Financial reporting for the quarter ending 30.9.2011 Financial reporting for the quarter ending 31.12.2011 Financial reporting for the quarter ending & year ending 31.3.2012 Annual General Meeting Venue	Before 14 <sup>th</sup> August, 2011 Before 14 <sup>th</sup> November, 2011 Before 14 <sup>th</sup> February, 2012 April/May,2012 6 <sup>th</sup> September, 2011 at 3.00 p.m. Registered office : Gat No. 454/457, A/P Borgaon, T/D Satara - 415 519.	
Listing of Equity Shares on Stock Exchange	Bombay Stock Exchange Ltd.	
Registrar and share transfer agent	Sharepro Services (India) Pvt. Ltd. Sam Hita Warehousing Complex, Warehouse No 52 & 53, Plot No 13AB, 2nd Floor Sakinaka, Mumbai - 400 072 Tel. No. (022) 67720400/347 Fax No. (022) 67720416	
Stock Code Stock Exchange	530255 Bombay Stock Exchange Ltd.	
Book Closure date	From 1 <sup>st</sup> September, 2011 To 6 <sup>th</sup> September, 2011	
ISIN for the Company's Equity Shares in Demat Form : Depository Connectivity	INE961B01013 N.S.D.L. and C.D.S.L.	
Complaints received during the year	Received	Cleared
a. Complaints received from Shareholders	5	5
b. Complaints received from Stock Exchange / SEBI	1	1

Share transfer system :

Trading in Equity Shares of Company is permitted only in dematerialised form.

Share Transfers in physical form are registered and returned within 30 days from the date of receipt of documents in order in all respects.

**KAY POWER AND PAPER LIMITED**

Distribution of shareholding as on 31<sup>st</sup> March, 2011.

No. of shares	No of Share holders	% of Shareholders	Total face value Rs. ('000)	% of total Value
Upto 500	4860	86	7404	6.96
501-1000	366	6.48	3250.43	3.06
1001-2000	140	2.48	2299.33	2.16
2001-3000	64	1.13	1634.11	1.54
3001-4000	24	0.42	877.42	0.83
4001-5000	31	0.55	1490.2	1.4
5001-10000	59	1.04	4317.3	4.06
10001 and above	107	1.9	85127.21	79.99
<b>TOTAL</b>	<b>5651</b>	<b>100</b>	<b>106400</b>	<b>100</b>

Categories of shareholders as on 31<sup>st</sup> March, 2011.

Category	No. of shares held	Voting Strength (%)
Promoters, Relatives and Associate companies	4067647	38.23
Public	4660711	43.8
NRI/FII's/OCB's	894895	8.41
Domestic Companies (Including financial institution)	1016747	9.56

Details of Share price and volumes traded on Bombay Stock Exchange Ltd. during April 2010 to March 2011.

Month	High Price	Low Price	No. of Shares
April, 2010	19.54	13.50	74,17,578
May, 2010	16.95	13.50	35,89,166
June, 2010	18.79	14.10	85,10,320
July, 2010	22.50	15.55	87,79,707
August, 2010	23.10	18.45	25,74,289
September, 2010	20.80	17.00	56,11,014
October, 2010	30.00	17.00	1,25,86,046
November, 2010	28.35	20.80	83,26,750
December, 2010	26.00	18.80	21,53,699
January, 2011	20.10	17.35	17,25,453
February, 2011	18.40	13.85	21,57,282
March, 2011	15.35	13.00	8,13,701

Compliance Officer	Mr. Sham A. Mulye Company Secretary Liasion Office : B-7-8, Mayfair Eleganza - I, N.I.B.M. Road, Kondhwa, Pune - 411 048. Tel. : (020) 26836058, Fax : (020) 26831787
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### TO THE MEMBERS OF KAY POWER AND PAPER LIMITED

We have examined the compliance of conditions of Corporate Governance by Kay Power And Paper Limited, for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the listing Agreement of the said Company with the Bombay Stock Exchange Ltd.

The compliance of conditions of Corporate Governances is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. As informed, there is no unresolved investor/shareholders compliant.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For GODBOLE & COMPANY  
Chartered Accountants

Place : Satara                      Ashutosh Godbole  
Date : 28<sup>th</sup> June, 2011                      Proprietor

**ANNEXURE 2** : Particulars required to be disclosed under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' report for the year ended 31<sup>st</sup> March, 2011.

**A. Conservation of Energy** : Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto:

	2010-2011	2009-2010
i. Power & Fuel consumption		
1. Electricity (Units)		
a. Own generation	5,60,034	-
b. Purchased From MSEDCL	30,62,119	32,62,640
c. Total Cost (Rupees) (19514134+18193579)	1,95,14,134	1,97,38,975
d. Rate per unit (Rupees) :    a : NIL    b : 6.37	6.37	6.05
2. Bagasse consumed in Boiler		
a. Quantity (M.Tons)	15,958	585
b. Total Cost (Rupees)	1,81,93,579	12,89,519
c. Rate per M.Ton (Rupees)	1,140	2,204
ii. Consumption per unit of production		
1. Paper		
a. Electricity (Units) (3062119+560034)	36,22,153	32,62,640
b. Production (M.Tons)	10,588	9,983
c. Units per M.Ton	342	327
2. Power		
a. Quantity (M.Tons)	15,958	-
b. Generation (Units)	39,03,634	-
c. Consumption per unit (KG)	4.09	-

**B. Technology Absorption** : The Company has effected the necessary measures to manufacture Kraft paper varieties at higher yields at better quality and to generate the power.

	2010-2011	2009-2010
<b>C. Foreign Exchange Earnings and Outgo</b> :		
Earnings	-	-
Outgo	24,50,464	-

For and on behalf of the Board of Directors  
sd/-

Place : Satara  
Date : 28<sup>th</sup> June, 2011

Niraj Chandra  
Chairman and  
Managing Director