

**KAY POWER AND
PAPER LIMITED**



**21st
Annual Report
2011-2012**



KAY POWER AND PAPER LIMITED

(Formerly KAY PULP AND PAPER MILLS LTD.)

- BOARD OF DIRECTORS** : Mr. Niraj Chandra Chairman and Managing Director
Mr. A.T. Shaikh
Ms. Deepa Agarwal
- COMPANY SECRETARY** : Mr. Sham A. Mulye
- AUDITORS** : M/S. GODBOLE & COMPANY
Chartered Accountants
F-3, Manali Apartment,
4/2, Kesarkar Peth,
Satara : 415 002
- BANKERS** : Central Bank of India
IDBI Bank Ltd.
HDFC Bank Ltd.
- REGISTERED OFFICE & WORKS** : Gat No.454/457
Village Borgaon
Tal./Dist. Satara : 415 519
Maharashtra
- INVESTORS' SERVICE CELL** : B 7-8, Mayfair Eleganza-I
N.I.B.M. Road, Kondhwa,
Pune : 411 048
- WEBSITE** : kaypowerandpaper.com

**TWENTYFIRST ANNUAL GENERAL MEETING
TUESDAY, 18TH SEPTEMBER, 2012**

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

21ST ANNUAL REPORT 2011-2012

NOTICE

NOTICE is hereby given that the Twenty first Annual General Meeting of the Members of KAY POWER AND PAPER LIMITED will be held at 3.00 p.m. on Tuesday, 18th September, 2012 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, 2012 and statement of Profit and Loss for the year ended on that date and the Directors' and Auditors' report thereon.
2. To appoint a Director in place of Ms. Deepa Agarwal, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint the Auditors and to fix their remuneration.

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

Place : Satara Sham A.Mulye
Date : 23rd June, 2012 Company Secretary

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. PROXY FORM SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2 Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 11th September, 2012 to Tuesday, 18th September, 2012 (Both Days inclusive).
- 3 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

- 4 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.
- 5 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.
- 6 In Pursuance of General Circular No. 18/2011 dated 29th April, 2011 of The Ministry of Corporate Affairs, as a measure of "Green Initiative in Corporate Governance" the Annual Report is sent through e-mail to members having their e-mail id registered with either DP or Company. The same is also available on the website of the Company - kaypowerandpaper.com

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE IN RESPECT OF THE DIRECTOR RETIRING BY ROTATION AND BEING ELIGIBLE, HAVE OFFERED FOR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING TO BE HELD ON 18TH SEPTEMBER, 2012.

Ms. Deepa Agarwal, is B.A.(hons.) and belongs to a reputed business family. She is actively involved in operations of the Private Limited Companies.

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting Twenty first Annual Report on the business and operations of your Company and Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS :

(Rs. in lac)

	<u>2011-12</u>	<u>2010-11</u>
Total Revenue	2,349.75	2,297.81
Net Profit	6.23	81.25

OPERATIONS :

During the year under review, Paper Division was operational throughout the year producing 10437 M.T. Kraft Paper and achieved sales of Rs.2242.59 lac as against 10588 M'T'and Rs.2123.33 lac of the previous year. Power Division was operational in the first quarter of the financial year and exported 20,49,600 Units to M.S.E.D.C.L. amounting to Rs. 98.18 lac as against 33,43,600 Units and Rs.160.16 of the previous year. The net profit was Rs. 6.23 lac as against 81.25 lac of the previous 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 Company expects to restart operations of Power Division after commencement of new sugarcane crushing season, in October - November 2012, 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 too.

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 :

Ms. Deepa Agarwal, Director of the Company will retire by rotation and being eligible offers herself 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 ;

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures ;
- ii. 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

21ST ANNUAL REPORT 2011-2012

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 I 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.

COST AUDITORS :

The Company has appointed Mr. S.V. Vhatte, Cost Accountant, Solapur as Cost Auditor to conduct the audit of cost accounts maintained by the Company, for the financial year 2011-12 and 2012 -13, subject to the approval of Central Government, thereto. As mandated by Circular No.15/2011 dated 11th April 2011 issued by the Ministry of Corporate Affairs, Government of India, full particulars of Cost Auditors are given here under :-

Name : S.V. Vhatte & Associates

Membership. No.: 7501

Address : A-1/2, Kadadi Nagar,
Hotgi Road,
Solapur - 413 003.

Details of Cost Audit Report for the financial year ended 31st March 2012

Due date of filling : by 30th Sept. 2012

FIXED DEPOSIT :

As on 31st March 2012, 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 II 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

Place : Satara
Date : 23rd June, 2012

Niraj Chandra
Chairman and
Managing Director

ANNEXURE I : REPORT ON 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 of 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 is making all efforts 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 31.3.2012.

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	Nil		1

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

During the year 1.4.2011 to 31.3.2012, five Board Meetings were held on 30.05.2011, 28.06.2011, 11.08.2011, 14.11.2011 and 14.02.2012.

The last Annual General Meeting was held on 6th September, 2011.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Niraj Chandra	5	Present
Ms. Deepa Agarwal	2	Present
Mr. A. T. Shaikh	3	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 making all efforts 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

21ST ANNUAL REPORT 2011-2012

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	-	*	-	-
Ms. Deepa Agarwal	-	-	-	-
Mr. A. T. Shaikh	1500	-	-	1500

* 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 of Mr. Niraj Chandra, Chairman and Managing Director and Mr. Sham A. Mulye, Secretary of the Company.

Sharepro Services (India) Pvt. Ltd., is acting as Registrar and Transfer Agent of the Company.

6. General Body Meetings

Location and time where last 3 Annual General Meetings (AGM) were held are given below;

AGM for the Financial Year	Date	Time	Venue for all the three AGMs
2008-09	29.09.2009	3.00 p.m.	Gat No.454/457, A/P. Borgaon
2009-10	30.09.2010	3.00 p.m.	T/D. Satara – 415 519.
2010-11	06.09.2011	3.00 p.m.	

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

DISCLOSURE :

- 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. In 1998 delisted equity shares from Ahmedabad and Delhi Stock Exchanges and in 2004 from Pune Stock Exchange Ltd.



MEANS OF COMMUNICATION :

Recommendation	Compliance
Quarterly Results : Whether published Any website, were display	Yes The results are displayed on the website of the Company and also on the website of Bombay Stock Exchange Ltd.
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 30.6.2012 Financial reporting for the quarter ending 30.9.2012 Financial reporting for the quarter ending 31.12.2012 Financial reporting for the quarter ending and year ending 31.3.2013 Annual General Meeting Venue	Before 14 th August, 2012 Before 14 th November, 2012 Before 14 th February, 2013 April/May, 2013 18 th September ,2012 at 3.00 p.m. Regd. 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 Phone - (022) 67720400/347 Fax - (022) 67720416
Stock Code Stock Exchange	530255 Bombay Stock Exchange Ltd.
Book closure date	From 11 th September, 2012 to 18 th September, 2012
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	4 4
B. Complaints received from Stock Exchange / SEBI	1 1

Share transfer system :

Trading in Equity Shares of the Company is permitted only in dematerialized form.

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

21ST ANNUAL REPORT 2011-2012

Distribution of shareholding as on 31st March, 2012.

No. of shares	No of Shareholders	% of Shareholders	Total face value Rs. ('000)	% of total Value
Upto 500	4,829	85.03	7,43,150	6.99
501-1000	370	6.51	3,29,781	3.10
1001-2000	170	2.99	2,79,144	2.62
2001-3000	79	1.39	2,03,429	1.92
3001-4000	25	0.44	92,602	0.87
4001-5000	39	0.68	1,85,164	1.74
5001-10000	60	1.05	4,47,563	4.21
10001 and above	109	1.91	83,59,167	78.55
TOTAL	5,681	100.00	1,06,40,000	100.00

Categories of shareholders as on 31st March, 2012.

Category	No. of shares held	Voting Strength (%)
Promoters, Relatives and Associate Companies	40,72,647	38.28
Public	46,93,089	44.11
NRI/FII's/OCB's	8,85,672	8.32
Domestic Companies (Including financial institution)	9,88,592	9.29

MARKET PRICE DATA

The monthly high and low quotations of Shares traded on Bombay Stock Exchange Ltd., during April 2011 to March 2012.

Month and year	High Price	Low Price
April 2011	17.00	13.91
May 2011	15.44	13.37
June 2011	21.00	14.50
July 2011	15.59	13.64
August 2011	17.02	12.02
September 2011	16.45	11.60
October 2011	12.14	10.51
November 2011	11.10	9.06
December 2011	11.85	9.63
January 2012	15.00	9.00
February 2012	15.25	8.91
March 2012	10.95	6.63

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 : 26831787
--------------------	--

KAY POWER AND PAPER LIMITED

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 31st March, 2012 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 : 23rd June, 2012 Proprietor

ANNEXURE II : 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 31st March, 2012.

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

	<u>2011-2012</u>	<u>2010-2011</u>
i Power & Fuel Consumption		
1. Electricity (Units)		
a. Own generation	1,40,655	5,60,034
b. Purchased From MSEDCL	35,12,295	30,62,119
c. Total Cost (Rupees)	2,33,54,390	1,95,14,134
d. Rate Per unit (Rupees) : a : Nil b : 6.65	6.65	6.37
2. Bagasse Consumed in Boiler		
a. Quantity (M.Tons)	11,307	15,958
b. Total Cost (Rupees)	1,30,29,687	1,81,93,579
c. Rate per M.Ton (Rupees)	1,152	1,140
ii Consumption per unit of production		
1. Paper		
a. Electricity (Units)	36,52,950	36,22,153
b. Production (M Ton)	10,437	10,588
c. Unit per M.Ton	350	342
2. Power		
a. Quantity (M.Tons)	11,307	15,958
b. Generation (Units)	21,90,255	39,03,634
c. Consumption per Unit (KG)	5.16	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.

	<u>2011-2012</u>	<u>2010-2011</u>
C. Foreign Exchange Earnings and Outgo :		
Earnings	-	-
Outgo	66,46,010	24,50,464

For and on behalf of the Board of Directors

Place : Satara
Date : 23rd June, 2012

Niraj Chandra
Chairman and
Managing Director

21ST ANNUAL REPORT 2011-2012

AUDITORS' REPORT

TO THE MEMBERS OF KAY POWER AND PAPER LIMITED

1. We have audited the attached Balance Sheet of Kay Power And Paper Limited as at 31st March, 2012 and the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating one overall financial statement presentations. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above :
 - a) We have obtained all the information and explanation which, to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and the statement of Profit and Loss are in compliance with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except AS15 regarding Accounting for retirement benefits which are not complied with. (Refer sub Note No.9 in Note 1 of the notes to financial statements.)
 - e) Based on representations received from Directors of the Company and the information and explanations given to us, none of the Directors of the Company are prima facie, as at 31st March 2012, disqualified from being appointed as directors of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to explanation given to us, the said account read together with the Significant Accounting Policies and Notes to Financial Statements and those appearing elsewhere in the accounts, give information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2012
 - ii) in case of the Statement of Profit and Loss of the profit for the year ended on that date.
 - iii) In case of Cash Flow Statement, of cash flows for the year ended as on that date.

For GODBOLE & COMPANY

Chartered Accountants

Place : Satara

Ashutosh Godbole

Date : 30th May, 2012

Proprietor

Mem. No. 104822

FRN : 117969W

**Annexure referred to in paragraph (3) of our Report of even date to the members of
KAY POWER AND PAPER LIMITED on the accounts for the year ended 31st March, 2012**

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
b) As per our information and explanations given to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
c) During the year, the Company has not disposed off major part of the fixed assets.
2. a) According to information and explanations given to us, the inventory has been physically verified by the management during the year. In our opinion, frequency of verification is reasonable.
b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to books and records were not material.
3. a) In our opinion and according to the information and explanations given to us, the company has taken loans from five parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1358.08 Lac and year end balance of loans taken from such parties was Rs.1358.08 Lac. The company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b) In our opinion, the terms and conditions subject to which these loans are taken are not prima facie prejudicial to the company.
- c) The company is not paying any interest on these loans. We are unable to comment on the regularity of principal amount, as the repayment period is not stipulated.
4. In our opinion and according to information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and nature of business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. a. In our opinion and according to information and explanations given to us transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
b. In our opinion and according to information and explanations given to us, no transactions were made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lac.
6. In our opinion and according to information and explanations given to us, the company does not have any deposits accepted from the public covered u/s 58-A during the year under audit.
7. The company did not have any formal internal audit system during the year under review. However, it's internal control procedure involved reasonable checking of it's financial records.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

21ST ANNUAL REPORT 2011-2012

9. a. According to records, Company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund dues and Profession Tax. The payment of these dues was made late. However, no amount is outstanding as at 31/3/2012 for a period more than 6 months from the date they became payable.
- b. According to information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, excise duty were in arrears as at 31/3/2012 for a period more than six months from the date they became payable except net liability of VAT pertaining to period from financial year 2007-08 to 2010-11 amounting to Rs.150.10 Lac which is withheld by the company in anticipation of grant of deferral of the same under rehabilitation scheme sanction of which is awaited.
- c. According to information and explanations given to us, there are no dues of income tax, sales tax, excise duty which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the company are Rs.1477.32 Lac as on 31/3/2012 is more than its total net worth. The company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year. The accumulated losses have totally eroded the net worth of the company and reference has been made to the Board for Industrial and Financial Reconstruction (BIFR).
11. In our opinion and according to information and explanations given to us, the company had defaulted in repayment of dues to IREDA and has reached One Time settlement for the same.
12. According to information and explanations given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society.
- Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others, from banks or financial institutions are not prejudicial to the interests of the Company.
16. According to information and explanations given to us no term loans were obtained during the year.
17. According to information and explanations given to us and an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
18. According to information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act 1956.
19. The Company has not issued any debentures during the year under audit.
20. The Company has not raised money by public issue during the year under audit.
21. According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of audit.

For GODBOLE & COMPANY
Chartered Accountants

Place : Satara
Date : 30th May, 2012

Ashutosh Godbole
Proprietor
Mem. No. 104822
FRN : 117969W

KAY POWER AND PAPER LIMITED**BALANCE SHEET AS AT 31 MARCH, 2012**

Particulars	Note No.	As at 31 March, 2012 Rs.	As at 31 March, 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	10,64,00,000	10,64,00,000
Reserves and surplus	3	(14,24,74,943)	(14,30,97,456)
		(3,60,74,943)	(3,66,97,456)
Share application money pending allotment	4	9,92,80,000	9,92,80,000
Non-current liabilities			
Long-term borrowings	5	33,73,45,062	31,26,06,870
Current liabilities			
Short-term borrowings	6	-	1,99,98,218
Trade payables	7	1,72,16,137	92,56,803
Other current liabilities	8	7,10,340	9,21,840
Short-term provisions	9	96,690	2,34,846
		1,80,23,167	3,04,11,707
TOTAL		41,85,73,286	40,56,01,121
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	34,04,12,031	34,59,10,916
Non-current investments	11	31,500	31,500
Long-term loans and advances	12	1,41,71,363	1,09,15,781
Other non-current assets	13	58,750	58,750
Current assets			
Inventories	14	5,04,00,397	2,33,39,481
Trade receivables	15	1,19,86,564	2,35,79,666
Cash and bank balances	16	8,52,464	10,55,164
Short-term loans and advances	17	6,60,217	7,09,863
TOTAL		41,85,73,286	40,56,01,121
Significant Accounting Policies Followed by Company	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For GODBOLE & COMPANY
Chartered Accountants
Ashutosh Godbole
Proprietor

Sham A. Mulye
Company Secretary

For and on behalf of the Board of Directors

Niraj Chandra
Chairman and
Managing Director

Deepa Agarwal
Director

Place : Satara

Date : 30th May, 2012

Place : Pune

Date : 30th May, 2012

21ST ANNUAL REPORT 2011-2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	Note No.	For year ended 31 March, 2012 Rs.	For year ended 31 March, 2011 Rs.
Revenue from operations (Gross)	18	24,65,34,254	23,75,80,124
Less excise duty		1,24,57,889	92,30,957
Revenue from operations (Net)		23,40,76,365	22,83,49,167
Other income	19	8,98,566	14,32,034
Total revenue		23,49,74,931	22,97,81,201
Expenses			
Cost of materials consumed	20	16,61,53,160	16,39,33,676
Changes in inventories of finished goods and work-in-progress	21	23,30,097	(11,29,737)
Manufacturing Expenses	22	3,81,11,926	3,08,89,130
Employee benefits expense	23	79,88,123	71,08,445
Finance costs	24	25,624	10,676
Depreciation and amortisation expense	10	57,17,043	81,01,620
Other expenses	25	1,40,26,445	1,27,42,536
Total expenses		23,43,52,418	22,16,56,346
Profit / (Loss) before tax		6,22,513	81,24,855
Tax expense:		-	-
Profit for the year after tax		6,22,513	81,24,855
Earnings per share			
Basic and diluted Earnings per share (in Re. 1) (Nominal value per share Rs. 10)		0.06	0.76
Significant Accounting Policies Followed by Company	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For GODBOLE & COMPANY
Chartered Accountants
Ashutosh Godbole
Proprietor

Sham A. Mulye
Company Secretary

For and on behalf of the Board of Directors
Niraj Chandra
Chairman and
Managing Director
Deepa Agarwal
Director

Place : Satara

Date : 30th May, 2012

Place : Pune

Date : 30th May, 2012

KAY POWER AND PAPER LIMITED**Cash Flow Statement for the year ended 31 March, 2012**

	<u>2011-2012</u>	<u>2010-2011</u>
	Rs.	Rs.
A. Cash Flow From Operating Activities		
Net Profit/ (Loss) Before Tax & Extra Ordinary item	6,22,513	81,24,855
Adjustment for Depreciation	57,17,043	81,01,620
Add Expenses relating to non-operating activities		
Interest & Bank Charges	25,624	1,11,441
Operating Profit/(Loss) before working capital changes	<u>63,65,180</u>	<u>1,63,37,916</u>
(Increase) / Decrease in Current Assets	<u>(1,86,73,750)</u>	<u>(1,39,37,735)</u>
Inventories	(2,70,60,916)	(1,28,40,027)
Trade Receivables	1,15,93,102	(1,49,52,348)
Long Term Loans and Advances	(32,55,582)	1,38,54,640
Short Term Loans and Advances	49,646	-
Increase / (Decrease) in current Liabilities & Provisions	76,09,678	(90,28,871)
Trade Payable	79,59,334	(86,49,925)
Other Liabilities	(2,11,500)	(1,15,781)
Provisions	(1,38,156)	(2,63,165)
Cash Generated from Operation	<u>(46,98,892)</u>	<u>(66,28,690)</u>
Less Tax Paid	-	-
Net Cash from Operating Activities (A)	<u>(46,98,892)</u>	<u>(66,28,690)</u>
B. Cash Flow From Investing Activities		
(Purchase) of Fixed Assets	(7,66,451)	-
Demunition of Fixed Assets	5,48,293	(11,95,583)
Net Cash from investing Activities (B)	<u>(2,18,158)</u>	<u>(11,95,583)</u>
C. Cash Flow From Financial Activities		
Increase/ (Decrease) in Borrowings	47,39,974	46,58,344
Interest Paid	(25,624)	(1,11,441)
Share Application Money	-	30,00,000
Increase in Non Current Asset	-	(58,750)
Net Cash from Financial Activities (C)	<u>47,14,350</u>	<u>74,88,153</u>
D. Net Increase in Cash and Cash Equivalent	<u>(2,02,700)</u>	<u>(3,36,120)</u>
Cash and Bank Balances	8,52,464	10,55,164
E. Reconciliation		
Net Cash from Operating Activities (A)	(46,98,892)	(66,28,690)
Net Cash from Investing Activities (B)	(2,18,158)	(11,95,583)
Net Cash from Financial Activities (C)	47,14,350	74,88,153

For and on behalf of the Board of Directors

Sham A. Mulye	Niraj Chandra	Deepa Agarwal
Company Secretary	Chairman and	Director
Pune, 30 th May, 2012	Managing Director	

Auditor's Certificate

The above Cash Flow Statement has been compiled from and is based on the Audited accounts of Kay Power And Paper Limited, for the year ended 31st March, 2012 reported upon by us on 30th May, 2012. According to the information and explanations given, the aforesaid Cash Flow Statement has been prepared pursuant to Clause 32 of the Listing Agreement with the Stock Exchange.

As per our report of even date

For GODBOLE & COMPANY

Chartered Accountants

Ashutosh Godbole - Proprietor

Satara, 30th May, 2012

21ST ANNUAL REPORT 2011-2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012.

Note 1. Statement of Significant Accounting Policies.

1. Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention on accrual basis except where specified otherwise and in case of significant uncertainties.
2. Use of Estimates
Estimates and assumptions used in the preparation of the financial statements are based on management's evaluation of the relevant facts and circumstances as on the date of the Financial Statements, which may differ from the actual results at a subsequent date.
3. Fixed Assets and Depreciation
 - a) Fixed Assets except freehold land are stated at cost of acquisition less accumulated depreciation. Cost includes the purchase price and all other attributable costs incurred for bringing the assets to its working condition for intended use. Freehold land is valued at cost.
 - b) Depreciation
Depreciation on Fixed Assets has been provided at the rate provided in Schedule XIV to the Companies Act, 1956 for SLM method on the opening written down value of the assets. Depreciation on assets of Power Division is charged for the actual days it operated. Depreciation on Fixed Assets of Paper Division is charged for the whole year. Depreciation on addition to Fixed Assets is charged on pro-rata basis from date on which asset is put to use.
4. Interest
In view of the BIFR registration and pending proceedings for rehabilitation, the Company has stopped providing, for interest on outstanding loans of Financial Institutions and Banks from 1st July, 2003. In respect of Central Bank of India, the Company has stopped providing for interest on Cash Credit since 1st November, 2004. The Company has effected one time settlement of dues with SICOM LIMITED, State Bank of India, MSFC and IREDA, where it has got rebate in the interest amount already provided for, which are reversed in the Profit and Loss Account as extra ordinary Items, in previous years.
5. Investment
Long Term investments are valued at cost.
6. Inventories
Stock of Raw Material, Stores and Spares, Consumables and packing material is valued at cost price. Cost is ascertained using weighted average method. Stock of finished goods is valued at cost of production ascertained using weighted average method.
7. Segmental Reporting
The company's operating business is organised and managed separately according to the products provided as Paper Division and Power Division. The company generally accounts for inter segmental sale at the current market prices.
8. Deferred Tax Liability
Deferred Tax Asset is not recognised in the Balance Sheet due to lack of reasonable certainty of realising them in view of accumulated losses.
9. Retirement Benefits
The liability for terminal benefits to employees like gratuity is recognised in the year of payment and in view of the heavy losses and due to the skeleton eligible staff strength, no actuarial working is taken to avoid extra expenditure for it.

KAY POWER AND PAPER LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012. (Contd.)**

	<u>31 March, 2012</u>	<u>31 March, 2011</u>
	Rs.	Rs.
Note 2. Share Capital		
Authorised		
1,50,00,000 equity shares of Rs.10/- each	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued, subscribed and fully paid-up shares		
1,06,40,000 equity shares of Rs.10/- each	<u>10,64,00,000</u>	<u>10,64,00,000</u>
Total	<u>10,64,00,000</u>	<u>10,64,00,000</u>

a Terms/rights attached to equity shares

The company has only one class of equity shares a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

b Details of shareholders holding more than 5% shares in the company.

	<u>31 March, 2012</u>		<u>31 March, 2011</u>	
	No.	% of holding	No.	% of holding
Equity Shares of Rs. 10 each fully paid up				
1 Niraj Chandra	16,52,100	15.53	16,52,100	15.53
2 Deepa Agarwal	7,41,100	6.97	7,41,100	6.97
3 Sushil Chandra	6,75,100	6.34	6,75,100	6.34
4 Madan Gupta	6,80,000	6.39	6,80,000	6.39

	<u>31 March, 2012</u>	<u>31 March, 2011</u>
	Rs.	Rs.
Note 3. Reserves & Surplus		
Securities Premium Account	2,57,136	2,57,136
Special Capital Incentive of Govt of Maharashtra	50,00,000	50,00,000
Surplus in Statement of Profit and Loss		
Balance as per last Balance Sheet	(14,83,54,592)	(15,64,79,447)
Balance in the Statement of Profit and Loss	6,22,513	81,24,855
Balance at the end of the year	<u>(14,77,32,079)</u>	<u>(14,83,54,592)</u>
Total	<u>(14,24,74,943)</u>	<u>(14,30,97,456)</u>

Note 4. Share Application Money Pending Allotment

	<u>31 March, 2012</u>	<u>31 March, 2011</u>
	Rs.	Rs.
Preferential allotment pending subject to sanction of rehabilitation scheme from BIFR.	<u>9,92,80,000</u>	9,92,80,000
Total	<u>9,92,80,000</u>	<u>9,92,80,000</u>

21ST ANNUAL REPORT 2011-2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012. (Contd.)

	31 March, 2012	31 March, 2011
	Rs.	Rs.
Note 5. Long Term Borrowings		
Secured		
Term loan from Indian Renewable Energy Development Agency Ltd. (IREDA) (Secured by First Mortgage and charge on all fixed assets both movable and immovable of the company)	11,23,81,042	12,98,26,042
Additional Term loan from Indian Renewable Energy Development Agency Ltd. (IREDA)	2,71,61,817	2,71,61,817
(The company has reached one time settlement scheme with IREDA)	13,95,42,859	15,69,87,859
Unsecured		
Inter Corporate Deposits (The terms of repayment of these deposits are not defined)	13,58,08,365	10,50,08,365
Diferred Liability for sale tax (Maharashtra Sale Tax Department has granted facility of differal of sale tax liability under Packaged Scheme of Incentives. The company has proposed extention of the scheme under the reconstruction proposal submitted to BIFR)	6,19,93,838	5,06,10,646
	19,78,02,203	15,56,19,011
Total	33,73,45,062	31,26,06,870
Note 6. Short Term Borrowings		
Secured		
Cash Credit from Central Bank of India (Secured against hypothecation of inventories) (The cash credit was demand loan which was repaid by the company during the year ended on 31/3/2012)	-	1,99,98,218
Total	-	1,99,98,218
Note 7. Trade Payables		
Dut to Micro, Small and Medium Enterprises* others	1,72,16,137	92,56,803
Total	1,72,16,137	92,56,803

* In absence of any information from the vendors with regard to their registration under the Micro, Small and Medium Enterprises Development act 2006, unable to determine, but the payments are released within credit extended by the vendors and there is no liability towards interest on delayed payments during the year under the said act. There is also no amount of outstanding intrest in this regard brought forward from previous year.

KAY POWER AND PAPER LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012. (Contd.)**

	<u>31 March, 2012</u>	<u>31 March, 2011</u>
	Rs.	Rs.
Note 8. Other Current Liabilities		
Dealer Deposit	1,50,000	1,50,000
E.T.P. Bills Provision	-	13,225
Retention	-	1,81,969
Salary Payable	2,65,660	1,98,797
Wages Payable	2,44,526	3,18,885
TDS Contractors Payable	11,190	7,281
Imprest Account	33,964	51,683
TDS Salary Payable	5,000	-
Total	<u>7,10,340</u>	<u>9,21,840</u>
Note 9. Other Short Term Provisions		
MPCB Fees Payable	9,299	5,179
Labour Charges Payable	70,028	1,89,291
Profession Tax Payable	7,150	6,650
TDS Professionals Payable	-	4,440
Unpaid Wages	5,437	19,897
Unpaid Salary	3,315	7,271
Employee PF Payable	1,461	2,118
Total	<u>96,690</u>	<u>2,34,846</u>

21ST ANNUAL REPORT 2011-2012

NOTE 10 : FIXED ASSETS

Name of Asset	GROSS BLOCK (RS.)		DEPRECIATION (RS.)		NET BLOCK (RS.)				
	As at 01/04/2011	Addition during the year	Deduction during the year	As at 31/03/2012	Up to 31/03/2011	For the year 31/03/2012	Up to 31/03/2012	As at 31/03/2012	As at 31/03/2011
Paper Division									
Free hold land	5,73,245	-	-	5,73,245	-	-	-	5,73,245	5,73,245
Land & Site Development	13,49,328	-	-	13,49,328	-	-	-	13,49,328	13,49,328
Buildings	2,01,84,399	-	-	2,01,84,399	60,51,915	4,72,025	65,23,940	1,36,60,459	1,41,32,484
Well & Lift Scheme	42,21,280	81,176	-	43,02,456	10,65,382	1,08,111	11,73,493	31,28,963	31,55,898
Plant & Machinery	11,30,30,705	2,66,823	5,48,293	11,27,49,235	4,81,86,081	34,25,149	5,16,11,230	6,11,38,005	6,48,44,624
E T Plant	50,97,470	-	-	50,97,470	24,02,823	1,42,288	25,44,911	25,52,559	26,94,847
Weigh Bridge	7,05,872	-	-	7,05,872	2,76,150	20,412	2,96,562	4,09,310	4,29,722
Boiler	95,12,999	1,03,000	-	96,15,999	33,24,945	3,31,424	36,56,369	59,59,630	61,88,054
Laboratory Equipment	1,41,046	-	-	1,41,046	49,230	4,361	53,591	87,455	91,816
Furniture & Fixture	2,47,562	-	-	2,47,562	1,13,791	8,468	1,22,259	1,25,303	1,33,771
Vehicle	17,90,434	-	-	17,90,434	7,07,400	1,03,430	8,10,830	9,79,604	10,83,034
Office Equipment	10,83,461	12,952	-	10,96,413	4,28,248	42,046	4,70,294	6,26,119	6,55,213
Software & Licenses	28,000	-	-	28,000	-	-	-	28,000	28,000
Total	15,79,65,801	4,63,951	5,48,293	15,78,81,459	6,26,05,765	46,57,714	6,72,63,479	9,06,17,980	9,53,60,036
Power Divisions									
Land & Site Development	11,22,850	-	-	11,22,850	-	-	-	11,22,850	11,22,850
Building	1,52,18,490	-	-	1,52,18,490	16,90,528	37,036	17,27,564	1,34,90,926	1,35,27,962
Cooling Tower	21,34,719	-	-	21,34,719	3,25,055	7,832	3,32,887	18,01,832	18,09,664
DM Plant	13,17,022	-	-	13,17,022	1,97,583	4,845	2,02,428	11,14,594	11,19,439
Steam Line	4,81,300	-	-	4,81,300	86,581	1,708	88,289	3,93,011	3,94,719
L T Electrical Pannels	33,10,435	-	-	33,10,435	4,63,703	12,320	4,76,023	28,34,412	28,46,732
Bagasse handling System withdRBC	5,43,46,274	-	-	5,43,46,274	97,62,973	1,92,951	99,55,924	4,43,90,350	4,45,83,301
Boiler	8,29,09,042	-	-	8,29,09,042	1,47,36,945	2,95,040	1,50,31,985	6,78,77,057	6,81,72,097
T G Set with HT Pannels	14,11,45,109	3,02,500	-	14,14,47,609	2,43,94,357	5,06,591	2,49,00,948	11,65,46,661	11,67,50,752
Furniture & Fixture	56,781	-	-	56,781	11,080	237	11,317	45,464	45,701
Kiosk Unit	1,80,163	-	-	1,80,163	2,500	769	3,269	1,76,894	1,77,663
Total	30,22,22,185	3,02,500	-	30,25,24,685	5,16,71,305	10,59,329	5,27,30,634	24,97,94,051	25,05,50,880
Grand Total	46,01,87,986	7,66,451	5,48,293	46,04,06,144	11,42,77,070	57,17,043	11,99,94,113	34,04,12,031	34,59,10,916
Previous Year	45,89,92,403	11,95,583	-	46,01,87,986	10,61,75,450	81,01,620	14,42,77,070	34,59,10,916	35,28,16,953

(* Depreciation on Power Division Assets Charged for operational days)

KAY POWER AND PAPER LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012. (Contd.)**

	<u>31 March, 2012</u>	<u>31 March, 2011</u>
	Rs.	Rs.
Note 11. Non Current Investments		
Other Investments		
Quoted, Non Trade (At Cost)		
1500 Equity Shares of Rs.10/- each of National General Industries Ltd	22,500	22,500
900 Equity Shares of Rs.10/- each of Ambala Cement Ltd.	9,000	9,000
Total	<u>31,500</u>	<u>31,500</u>
Market value as at 31/3/2012 - Nil (31/3/2011 - Nil)		
Note 12. Long Term Loans and Advances		
Sundry Deposits	23,000	23,000
Deposit with Irrigation Dept.	35,000	35,000
Security Deposits with Delhi High Court	29,44,900	29,44,900
M.S.E.D.C.L. Deposit (Lift Scheme)	1,06,185	1,06,185
M.S.E.D.C.L. Deposit (HT Connection)	12,69,719	12,69,719
Telephone Deposits	25,027	25,027
Vat Credit Refundable	97,67,532	65,11,950
Total	<u>1,41,71,363</u>	<u>1,09,15,781</u>
Note 13. Other Non Current Assets		
Balances with Scheduled Banks in Fixed Deposit	33,750	33,750
Fixed Deposit as security for Bank Guarantee For MPCB	25,000	25,000
Total	<u>58,750</u>	<u>58,750</u>
Note 14. Inventories		
Tools & Spares (Valued at Cost Price)	41,45,223	36,26,841
Raw materials (Valued at Cost Price)	4,47,73,294	1,59,00,663
Finished Goods (Valued at Cost of production)	14,81,880	38,11,977
Total	<u>5,04,00,397</u>	<u>2,33,39,481</u>
Note 15. Trade Receivables		
(Unsecured and Considered Good)		
- Outstanding over six months	3,23,793	-
- Others	1,16,62,771	2,35,79,666
Total	<u>1,19,86,564</u>	<u>2,35,79,666</u>
Note 16. Cash and Bank Balances		
a. Cash in Hand	57,961	49,054
b. Balances with Banks		
Balances in Current Accounts	7,94,503	10,06,110
Total	<u>8,52,464</u>	<u>10,55,164</u>

21ST ANNUAL REPORT 2011-2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012. (Contd.)

	Rs.	31 March, 2012 Rs.	31 March, 2011 Rs.
Note 17. Short Term Loans and Advances			
Balances with Statutory / Public Authorities		–	30,550
Advance recoverable in cash or in kind or for value to be recoverable		6,60,217	6,79,313
Total		6,60,217	7,09,863
Note 18. Revenue from Operations			
Kraft Paper			
Gross Sales		23,67,16,670	22,15,64,280
Less: Excise Duty and Cess		1,24,57,889	92,30,957
Net Sales		22,42,58,781	21,23,33,323
Power Sale to M.S.E.D.C. Ltd		98,17,584	1,60,15,844
Total		23,40,76,365	22,83,49,167
Note 19. Other Income			
Interest received		958	70,610
Account Written Off		1,10,631	7,79,617
Discount Received		92,712	–
Misc. Other Income		6,94,265	5,81,807
Total		8,98,566	14,32,034
Note 20. Cost of material consumed			
Raw material consumed			
Opening Stock	1,59,00,663		38,88,250
Add: Purchase	19,50,25,791		17,59,46,089
	21,09,26,454		17,98,34,339
Less Closing stock	4,47,73,294	16,61,53,160	1,59,00,663
Total		16,61,53,160	16,39,33,676
Note 21. Changes in inventories of finished goods, work-in-progress and stock-in-trade			
Stock at Opening			
Finished Goods		38,11,977	26,82,240
Less Stock at Closing			
Finished Goods		14,81,880	38,11,977
Total		23,30,097	(11,29,737)
Note 22. Manufacturing Expenses			
Carriage Inward		4,24,952	4,25,640
Diesel for DG Set		38,651	57,888
Power & Fuel		2,33,54,390	1,95,14,134
Repairs & Maintenance		58,82,420	47,42,324
Bagasse Feeding		16,31,607	23,75,075
Bagasse Unloading Charges		–	1,14,500
Other Manufacturing Expenses		67,79,906	36,59,569
Total		3,81,11,926	3,08,89,130

KAY POWER AND PAPER LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012. (Contd.)**

	<u>31 March, 2012</u>	<u>31 March, 2011</u>
	Rs.	Rs.
Note 23. Employee Benefits Expense		
Salary and Wages	79,34,045	70,66,896
Welfare Expenses	21,892	20,173
Contribution to P F	32,186	21,376
Total	<u>79,88,123</u>	<u>71,08,445</u>
Note 24. Finance Costs		
Bank Charges / Commission	25,624	10,676
Total	<u>25,624</u>	<u>10,676</u>
Note 25. Other Expenses		
Legal & Professional Fees	6,17,030	3,52,734
Custodial Fees	30,000	1,55,612
Income Tax Assessment Fees	12,348	10,000
Packing & Forwarding	2,248	-
Testing Fees	7,607	2,820
ROC Filing Fees	37,500	8,500
Directors' Sitting Fees	1,500	2,000
Factory Licence Fees	12,000	12,000
MPCB Fees	4,120	-
Boiler Inspection Fees	10,100	15,100
Electrical Inspection Fees	73,200	1,11,800
BSE Listing Fees	40,000	30,000
Audit Fees	15,000	15,000
Membership & Subscription	1,530	8,100
Excise Duty Expenses	4,77,171	
Interest on Excise Duty	114	174
Interest M.S.F.C.	-	3,517
Interest on M.S.E.D.C.L.	-	1,420
Interest on Service Tax	-	266
MPCB Cess / Testing Fees	-	9,169
Professional Tax - Company	2,500	2,500
Printing & Stationery	99,897	43,099
Postage & Telephone Expenses	1,27,524	1,21,528
Insurance	75,161	59,787
Rent Rates & Taxes	1,72,500	2,63,702
Income Tax Assessment fees	-	5,165
Commission and Discount	1,05,64,069	1,02,48,509
Vehicle repair & maintainance	87,211	61,001
Fuel for vehicles	1,66,433	1,57,879
Loading Charges	4,06,050	3,79,950
Advertisement Charges	-	12,378
Local Convoyance	64,587	57,366
Carriage Outward	1,12,733	22,900
Travelling Expenses	1,30,395	1,53,729
Loss on Sale of asset	2,48,293	-
Misc Office expenses	4,27,624	4,14,831
Total	<u>1,40,26,445</u>	<u>1,27,42,536</u>

21ST ANNUAL REPORT 2011-2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012. (Contd.)

Note 26. : Contingent Liabilities : Guarantee executing in favour of customs for EPCG has been expired and unascertained duty for unfulfilled export obligation is outstanding.

Note 27. : The provisions of Employees State Insurance Act are not applicable to the Company.

Note 28. : Net deferred tax has not been recognised in view of uncertainty about future taxable income against asset which the deferred tax asset can be realised.

Note 29. : C.I.F. value of imported waste paper **Rs. 66,46,010** (Rs. 24,50,464)

Note 30. Raw Material Consumption

Item	Opening Stock		Purchases		Total		Consumption		Closing Stock	
	Qty (MT)	Value (Rs)	Qty (MT)	Value (Rs)	Qty (MT)	Value (Rs)	Qty (MT)	Value (Rs)	Qty (MT)	Value (Rs)
Bagasse	8548	13677512	22198	34681696	30746	48359208	11307	13029,687	19,439	3,53,29,521
	(1053)	(2316600)	(23453)	(29254491)	(53966)	(28408234)	(15958)	(18193579)	(8548)	(13677512)
Firewood	95	144590	83	186359	178	330949	171	320295	7	10654
	(440)	(670319)	(1)	(2890)	(441)	(673209)	(346)	(528619)	(95)	(144590)
Coal	-	-	3774	15836110	3774	15836110	3774	15836110	-	-
	(14)	(37982)	(4455)	(1662417)	(4469)	(16662099)	(4469)	(16662099)	(-)	(-)
Indian Waste	70	737013	11624	127405001	11694	128142014	11118	121510559	576	6631455
Paper	(38)	(299083)	(12293)	(11106092)	(12331)	(121929100)	(12261)	(121192087)	(70)	(737013)
Imported Waste	70	836475	500	8866350	570	9702825	424	7351799	146	2351026
Paper	(5)	(62567)	(197)	(3073022)	(202)	(3135589)	(132)	(2299114)	(70)	(836475)
Chemicals		415444		5826610		6242054		5902565		339489
		(377627)		(3301200)		(3678827)		(3263383)		(15444)
Packing Material		89629		2223665		2313294		2202145		111149
		(124072)		(1760352)		(1884424)		(1794795)		(89629)
Total	8783	15900663	38179	195025791	46962	210926454	26794	166153160	20168	44773294
	(1550)	(3888250)	(40399)	(50160464)	(71409)	(176371482)	(33166)	(163933676)	(8783)	(15900663)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012. (Contd.)**Note 31. Related Party Disclosure :**

List of the parties with whom transactions have taken place during the year.

- a. Associate Companies - 1] Kay Bouvet Engineering Pvt Ltd. - Unit III, 2] Kay Nitroxygen Pvt Ltd
b. Key Management Personnel - Mr. Niraj Chandra (C.M.D.), Ms. Deepa Agarwal (Director & Relative)

Details of Transactions are as follows (Rs.In Lac)

Key Management Personnel - NIL,

- 1] Purchase from Associate Companies - NIL,
2] Outstanding Balance as on 31.03.12 - Key Management Personnel - NIL, Associate Companies - NIL

Note 32. Segmentwise Reporting

The Company has mainly two divisions viz Paper and Power. Segmentwise figures are as under :

(Rs. in Lac)

Segment Revenue	Power	Paper	Total
Total Sales	104.92	2242.59	2347.51
Less: Inter Segmental Sale	6.74	-	6.74
External Sales	98.18	2242.59	2340.97
Other	0	8.98	8.98
Net Profit/(Loss) Before Intrest	(22.69)	29.16	6.49
Intrest & Bank Charges		0.25	0.26
Net Profit/(Loss)	(22.69)	28.91	6.23
Segmental Assets	2497.94	1687.79	4185.73
Segmental Liabilities	2510.19	3152.86	5663.05
Capital Employed	(12.25)	(1465.07)	(1477.32)
Depreciation For the Year	10.58	46.46	57.04

Note 33. The Financial Statement for the year ended 31 March 2011 had been prepared as per the then applicable pre-revised schedule VI to the companies act 1956. Consequent to notification of revised schedule VI under the companies act 1956, the financial statements for the year ended 31 March 2012 are prepared as per revised schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. Adoption of revised schedule VI to previous year figures does not impact recognition and measurement principals followed for previous year of financial statements.

Note 34. : Figures in bracket pertain to previous year or give reverse impact.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For GODBOLE & COMPANY

Chartered Accountants

Ashutosh Godbole

Proprietor

Sham A. Mulye

Company Secretary

For and on behalf of the Board of Directors

Niraj Chandra

Chairman and
Managing Director

Deepa Agarwal

Director

Place : Satara

Date : 30th May, 2012

Place : Pune

Date : 30th May, 2012



KAY POWER AND PAPER LIMITED

Regd. Office : Gat No. 454/457, Village Bargaon, Tal./Dist. Satara-415 519

PROXY FORM

I/We
of

being member/s of Kay Power and Paper Ltd., hereby appoint
..... of
or failing him, of

as my/our Proxy to vote for me/us and on my/our behalf at the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Company, to be held **at 3.00 p.m. on Tuesday, 18th September, 2012** and at any adjournment thereof.

In witness whereof I/We have set my/our hand(s) this day of, 2012

Signed by the said

Affix
One Rupee
Revenue
Stamp

Note. : The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

----- TEAR HERE -----



KAY POWER AND PAPER LIMITED

Regd. Office : Gat No. 454/457, Village Bargaon, Tal./Dist. Satara-415 519

ATTENDANCE SLIP

To be handed over at the Meeting Hall

Name of the attending Member (in Block Letters)	Member's
	Ledger Folio / D.P.ID & Client ID
Name of the Proxy (in Block Letters) (To be filled in if the Proxy attending instead of the Member)	

No. of Shares held

I hereby record my presence at the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Company to be held at Registered office at Gat No 454/457, Village Bargaon, Tal./Dist. Satara - 415 519, **at 3.00 p.m. on Tuesday, 18th September, 2012.**

Member's/Proxy's Signature

BOOK - POST

If undelivered, please return to :

KAY POWER AND PAPER LIMITED

B-7-8, Mayfair Eleganza-I, N.I.B.M. Road, Kondhwa, Pune : 411 048

PRABODH
24472503