

20th ANNUAL REPORT 2010-2011

Cash Flow Statement for the year ended 31st March, 2011.

	<u>2010-2011</u>	<u>2009-2010</u>
A. Cash Flow From Operating Activities		
Net Profit/ (Loss) Before Tax & Extra Ordinary item	81,24,855	54,47,548
Adjustment for		
Depreciation	81,01,620	50,92,512
Add Expenses relating to non-operating activities		
Interest Paid	<u>1,11,441</u>	<u>6,908</u>
Operating Profit/(Loss) before working capital changes	1,63,37,916	1,05,46,968
(Increase) / Decrease in Current Assets	(1,39,37,735)	(58,85,489)
Inventories	(1,28,40,027)	3,19,943
Sundry Debtors	(1,49,52,348)	(50,04,854)
Loans and Advances	1,38,54,640	(12,00,578)
Increase / (Decrease) in current Liabilities & Provisions	(90,28,871)	(1,43,39,257)
Sundry Creditors	(86,49,925)	(1,30,51,867)
Other Liabilities	(1,15,781)	(1,05,458)
Provisions	(2,63,165)	(11,81,932)
Cash Generated from Operation		(96,77,778)
Less Tax Paid	-	17,876
Net Cash from Operating Activities (A)	<u>(66,28,690)</u>	<u>(96,95,654)</u>
B. Cash Flow From Investing Activities		
Sale/ (Purchase) of Fixed Assets	<u>(11,95,583)</u>	<u>(91,286)</u>
Net Cash from investing Activities (B)	<u>(11,95,583)</u>	<u>(91,286)</u>
C. Cash Flow From Financial Activities		
Increase/ (Decrease) in Borrowings	46,58,344	(4,42,55,629)
Interest Paid	(1,11,441)	(6908)
Share Application Money	30,00,000	5,09,52,538
Reversal of previous interest	-	31,14,008
Net Cash from Financial Activities (C)	<u>75,46,903</u>	<u>98,04,009</u>
D. Net Increase in Cash and Cash Equivalent	<u>(277,370)</u>	17,069
Cash and Bank Balances	11,13,914	13,91,284
E. Reconciliation		
Net Cash from Operating Activities (A)	(66,28,690)	(96,95,654)
Net Cash from Investing Activities (B)	(11,95,583)	(91,286)
Net Cash from Financial Activities (C)	75,46,903	98,04,009

For and on behalf of the Board of Directors

sd/-	sd/-	sd/-
Sham A. Mulye	Niraj Chandra	Deepa Agarwal
Company Secretary	Chairman and	Director
Jagadhri : 30 th May, 2011	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, 2011 reported upon by us on 2nd June, 2011. 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 : 2nd June, 2011

20th ANNUAL REPORT 2010-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	SCHEDULE	Year Ended 31 st March, 2011 Rs.	Year Ended 31 st March, 2010 Rs.
INCOME :			
Sales	12	22,83,49,167	15,99,39,778
Other Income	13	14,32,034	5,15,270
Increase / (Decrease) in Stock	14	11,29,737	13,09,623
TOTAL		23,09,10,938	16,17,64,671
EXPENDITURE :			
Material Consumed and Manufacturing Expenses	15	19,48,22,806	13,58,15,195
Employees Emoluments	16	70,87,069	59,11,760
Selling, Administrative and Other Expenses	17	1,26,63,147	94,90,748
Interest & Bank Charges	18	1,11,441	6,908
Depreciation		81,01,620	50,92,512
TOTAL		22,27,86,083	15,63,17,123
Profit/ (Loss) before Tax & Extra Ordinary Item		81,24,855	54,47,548
Add : Remission / Reversal of Interest		–	31,14,008
Profit/ (Loss) before Tax		81,24,855	85,61,556
Less : Previous year FBT Paid		–	17,876
Profit after Tax		81,24,855	85,43,680
Add Balance Brought Forward from Previous Year		(15,64,79,447)	(16,50,23,127)
Balance Carried to Balance Sheet		(14,83,54,592)	(15,64,79,447)
Notes forming part of the Accounts	19		

As per our report of even date

For GODBOLE & COMPANY

Chartered Accountants

Ashutosh Godbole

Proprietor

sd/-

Sham A. Mulye

Company Secretary

For and on behalf of the Board of Directors

sd/-

Niraj Chandra

Chairman and
Managing Director

sd/-

Deepa Agarwal

Director

Place : Satara

Date : 2nd June, 2011

Place : Jagadhri

Date : 30th May, 2011

20th ANNUAL REPORT 2010-2011

Rs.	Year Ended 31 st March, 2011 Rs.	Year Ended 31 st March, 2010 Rs.
SCHEDULE 12 : SALES		
Kraft Paper :		
Gross Sales	22,15,64,280	16,67,69,620
Less : Excise Duty & Cess	<u>92,30,957</u>	<u>68,29,842</u>
	21,23,33,323	15,99,39,778
Power	1,60,15,844	-
TOTAL	<u>22,83,49,167</u>	<u>15,99,39,778</u>
SCHEDULE 13 : OTHER INCOME		
Interest Received	70,610	-
Other Income	13,61,424	5,15,270
TOTAL	<u>14,32,034</u>	<u>5,15,270</u>
SCHEDULE 14 : INCREASE /(DECREASE) IN STOCK		
Finished Goods		
Stock at Close	38,11,977	26,82,240
Less :		
Stock at Opening	<u>26,82,240</u>	<u>13,72,617</u>
TOTAL	<u>11,29,737</u>	<u>13,09,623</u>
SCHEDULE 15 : MATERIAL CONSUMED AND MANUFACTURING EXPENSES		
Raw material consumed		
Opening Stock	38,88,250	60,55,904
Add : purchases	<u>17,59,46,089</u>	<u>10,81,48,942</u>
	17,98,34,339	11,42,04,846
Less : closing stock	<u>1,59,00,663</u>	<u>38,88,250</u>
	16,39,33,676	11,03,16,596
Manufacturing Expenses		
Carriage Inward	4,25,640	1,78,216
Diesel for DG Set	57,888	-
Power & Fuel	1,95,14,134	1,97,38,975
Unloading Charges	20,21,374	17,78,349
Repairs & Maintenance	47,42,324	13,31,233
Other Manufacturing Expenses	<u>41,27,770</u>	<u>24,71,826</u>
	3,08,89,130	2,54,98,599
TOTAL	<u>19,48,22,806</u>	<u>13,58,15,195</u>

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
	Rs.	Rs.
SCHEDULE 16 : EMPLOYEES EMOLUMENTS		
Staff Salaries	70,66,896	58,89,896
Welfare Expenses	20,173	21,864
TOTAL	70,87,069	59,11,760
SCHEDULE 17 : SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Legal and Professional Fees	3,52,734	8,08,058
Testing Fees	2,820	7,170
ROC Filing Fees	8,500	1,000
Sock Exchange Fees	30,000	30,000
Director's Sitting Fees	2,000	1,500
Factory Licence Fees	12,000	27,000
MPCB Fees	-	1,50,000
Boiler Inspection Fees	15,100	2,200
Electrical Inspection Fees	1,11,800	29,800
Membership & Subscription Fees	8,100	1,730
Printing & Stationery	43,099	89,147
Postage & Telephone Expenses	1,21,528	1,36,204
Audit Fees	15,000	10,000
Insurance	59,787	23,544
Commission & Discount	1,02,48,509	67,27,565
Vehicle Repair & Maintainance	61,001	44,391
Diesel for Vehicle	1,57,879	86,811
Loading Unloading Charges	3,79,950	3,61,500
Rent, Rates & Taxes	2,63,702	3,04,082
Advertisement Charges	12,378	27,878
Local Conveyance	57,366	42,629
Misc.Expenses	1,28,750	72,985
Other Office Expenses	4,17,415	2,82,369
Travelling Expenses	1,53,729	2,23,185
TOTAL	1,26,63,147	94,90,748
SCHEDULE 18: INTEREST & BANK CHARGES		
Bank Commission	1,11,441	6,908
TOTAL	1,11,441	6,908

SCHEDULE 19 : NOTES FORMING PART OF THE ACCOUNTS

1. Contingent Liabilities : Gurarntee executing in favour of customs for EPCG has been expired and unascertained duty for unfulfilled export obligation is outstanding.
2. The provisions of Employees State Insurance Act are not applicable to the Company.
3. 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.
4. C.I.F. value of imports Rs. 24,50,464 (Rs. NIL).
5. Basic & Diluted Earning Per Share of Rs.10 each after extra-ordinary item Re. **0.76 (Re. 0.80)**.

20th ANNUAL REPORT 2010-2011

SHCHEDULE 19 : NOTES FORMING PART OF THE ACCOUNTS CONTD...

6. Consumption of Raw Materials.

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	1053	2316600	23453	29554491	24506	31871091	15958	18193579	8548	13677512
	(1638)	(3602654)	(-)	(3465)	(1638)	(3606119)	(585)	(1289519)	(1053)	(2316600)
Firewood	440	670319	1	2890	441	673209	346	528619	95	144590
	(282)	(469771)	(3224)	(5527141)	(3506)	(5996912)	(3066)	(5326593)	(440)	(670319)
Coal	14	37982	4455	16624117	4469	16662099	4469	16662099	-	-
	(-)	(-)	(3399)	(11106092)	(3399)	(11106092)	(3385)	(11068110)	(14)	(37982)
Indian Waste	38	299083	12293	121630017	12331	121929100	12261	121192087	70	737013
Paper	(62)	(516934)	(11809)	(87135454)	(11871)	(87652388)	(11833)	(87353305)	(38)	(299083)
Imported Waste	5	62567	197	3073022	202	3135589	132	2299114	70	836475
Paper	(80)	(1184326)	-	-	(80)	(1184326)	(75)	(1121759)	(5)	(62567)
Chemicals	-	377627	-	3301200	-	3678827	-	3263383	-	415444
	(-)	(212272)	(-)	(2918188)	(-)	(3130460)	(-)	(2752833)	(-)	(377627)
Packing Material	-	124072	-	1760352	-	1884424	-	1794795	-	89629
	(-)	(69947)	(-)	(1458602)	(-)	(1528549)	(-)	(1404477)	(-)	(124072)
Total	1550	3888250	40399	175946089	41949	179834339	33166	163933676	8783	15900663
	(2062)	(6055904)	(18432)	(108148942)	(20494)	(114204846)	(18944)	(110316596)	(1550)	(3888250)

7. Related Party Disclosure :

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

a. particulars of Associate Companies

- 1] Kay Bouvet Engineering Pvt Ltd. - Unit III
- 2] Kay Nitroxigen Pvt Ltd

b. Key Management Personnel

- Mr. Niraj Chandra Chairmen & Managing Director
 Ms. Deepa Agarwal Director & Relative

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

Key Management Personnel

- | | |
|--|-----|
| 1] Remuneration | NIL |
| 2] Interest Paid | NIL |
| 3] Purchase from Associate Companies | NIL |
| 4] Outstanding Credit Balance as on 31.03.11 | |
| Key Management Personnel | NIL |
| Associate Companies | NIL |

SHCEDULE 19 : NOTES FORMING PART OF THE ACCOUNTS CONTD...
8. 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	186.99	2123.33	2310.32
Less : Inter Segmental Sale	26.83	-	26.83
External Sales	160.16	2123.33	2283.49
Other	-	-	-
Net Profit/(Loss) Before Intrest	(94.54)	176.9	82.36
Intrest & Bank Charges	-	1.11	1.11
Net Profit / (Loss)	(94.54)	175.79	81.25
Segmental Assets	2631.32	1320.55	3951.87
Segmental Liabilities	2886.02	2549.4	5435.42
Capital Employed	(254.7)	(1228.85)	(1483.55)
Depreciation For the Year	32.26	48.76	81.02

9. Information regarding Capacity, Production, Stocks and Sales -

Item	Licensed Capacity	Installed Capacity	Opening Stock (M T)	Production (M T)	Sales (M T)	Stock (M T)
Kraft Paper	25000TPA (25000TPA)	21000TPA (21000TPA)	165.102 (95.025)	10587.930 (9982.511)	10546.820 (9912.434)	206.212 (165.102)
Value in Rs.			2682240 (1372617)	213160968 (15,12,17,703)	212333323 (15,99,39,778)	3811977 (26,82,240)

10. Refer Annexure for additional information pursuant to part IV of Schedule VI to the Companies Act, 1956.

11. Figures in bracket pertain to previous year or give reverse impact.

12. 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.

SHCHEDULE 19 : NOTES FORMING PART OF THE ACCOUNTS CONTD..

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.

As per our report of even date

For GODBOLE & COMPANY
Chartered Accountants

Ashutosh Godbole
Proprietor

Place : Satara

Date : 2nd June, 2011

sd/-

Sham A. Mulye
Company Secretary

Place : Jagadhri

Date : 30th May, 2011

For and on behalf of the Board of Directors

sd/-

Niraj Chandra
Chairman and
Managing Director

sd/-

Deepa Agarwal
Director