

# **KAY POWER AND PAPER LIMITED**



**19<sup>th</sup>  
Annual Report  
2009-2010**



## 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 upto 16.3.2010 nominee of W.M.D.C. Ltd.  
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

**NINETEENTH ANNUAL GENERAL MEETING  
THURSDAY, 30<sup>th</sup> SEPTEMBER, 2010**

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

## 19<sup>th</sup> ANNUAL REPORT 2009-2010

---

### NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of KAY POWER AND PAPER LIMITED will be held at 3.00 p.m. on Thursday, 30th September, 2010 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, 2010 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' report thereon.
2. To appoint a Director in place of 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.

#### SPECIAL BUSINESS :

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

“RESOLVED THAT Mr. A.T. Shaikh who was appointed as an additional director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 and in respect of whom Company has received a notice under Section 257 of the Companies Act, 1956, in writing from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

Place : Pune

Sham A.Mulye

Date : 12<sup>th</sup> August, 2010

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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item No.4 in the above notice, is annexed hereto.
3. Register of Members and Share Transfer Books of the Company will be closed from Thursday, 23rd September, 2010 to Thursday, 30th September, 2010 (both days inclusive).
4. 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.
5. Share holders can send all documents like transfers, share certificates and other communications directly to SHAREPRO SERVICES 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 - 400 072 Phone - (022) 67720400/347 Fax - (022) 67720416

**6. Dematerialisation :**

The Equity Shares of the Company are compulsorily traded in demat since September 2000. 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 Company's shares.

---

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE IN RESPECT OF THE DIRECTOR WHO IS RETIRING BY ROTATION AND BEING ELIGIBLE, HAVE OFFERED HERSELF FOR RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING TO BE HELD ON 30TH SEPTEMBER, 2010

---

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.

---

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

Mr.A.T. Shaikh was appointed as an additional director of the Company w.e.f. 16th March, 2010 in terms of Section 260 of the Companies Act, 1956, read with article 158 of the Articles of Association of the Company, upon withdrawal of his nomination by W.M.D.C. LTD. Mr. A.T. Shaikh holds the office upto the ensuing Annual General Meeting of the Company.

Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, with requisite deposit, proposing the name of Mr. A.T. Shaikh as the candidate for the office of director of the company.

Mr. A.T. Shaikh has done M.com., L.L.B. and is member of the Institute of Company Secretaries of India. He has 32 years experience in the field of development of industries.

Accordingly resolution at item no.4 in the notice of the ensuing Annual General Meeting is being proposed for his appointment as Director of the Company liable to retire by rotation, is recommended for approval of the members.

None of the Directors of the company except Mr. A.T. Shaikh is interested or concerned in the resolution.

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

Place : Pune Sham A.Mulye  
Date : 12<sup>th</sup> August, 2010 Company Secretary

## 19<sup>th</sup> ANNUAL REPORT 2009-2010

---

### DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting Nineteenth Annual Report on the business and operations of your Company and Audited Accounts for the year ended 31st March, 2010.

#### OPERATIONS :

During the year under review, only Paper Division was operational, producing 9983 M.T. Kraft Paper and achieved higher sales of Rs.1599.40 lac and profit of Rs. 54.30 lac against sales Rs.1013.38 lac and loss of Rs. 68.33 lac of the previous year.

During the year Company has reached One Time Settlement with Maharashtra State Financial Corporation (MSFC) and total income and net Profit includes, reversal of Rs. 31.14 lac, earlier years interest charged to Profit & Loss Account.

#### 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 intends to start operations of Power Division in November, 2010 as the bagasse will be amply available. Final Power tariff revision and permission to sale power to third party is expected from M.E.R.C., which will improve the viability of Power Division.

The operations of Paper Division are streamlined now and give good results during the current year.

#### RESTRUCTURING PROPOSAL :

Indian Renewable Energy Development Agency Ltd.(IREDA), Operating Agency appointed by Board for Industrial And Financial

Reconstruction (BIFR) has submitted restructuring proposal of the Company to BIFR.

#### 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. The Board of Directors recommends her re-appointment.

#### 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
- 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 along with 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.

**FIXED DEPOSIT :**

As on 31st March, 2010, 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 appreciates 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., Maharashtra State Financial Corporation, 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 : Pune  
Date : 12<sup>th</sup> August, 2010

Niraj Chandra  
Chairman and  
Managing Director

## 19<sup>th</sup> ANNUAL REPORT 2009-2010

### 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 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 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 31.3.2010.

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 (Nominee WMDC Ltd. till 16th March, 2010, instantly appointed as additional)	Non Executive Independent	2		1

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

During the year 1.4.2009 to 31.3.2010, eight Board Meetings were held on 28.04.2009, 30.06.2009, 31.07.2009, 29.09.2009, 31.10.2009, 18.12.2009, 30.01.2010 and 16.03.2010.

The last Annual General Meeting was held on 29<sup>th</sup> September, 2009.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Niraj Chandra	7	Present
Ms. Deepa Agarwal	6	Present
Mr. A. T. Shaikh (Nominee WMDC Ltd., till 16th March, 2010, instantly appointed as additional)	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 except on 31.07.2009. Though the Company intends to appoint additional directors 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	1500	-	-	1500
Ms. Deepa Agarwal	3000	-	-	3000

- In the light to heavy losses suffered by the Company Mr. Niraj Chandra, in constitution 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.

Company had appointed Sharepro Services (I) 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
2006-07	29.09.2007	3.00 p.m.	Gat No.454/457, A/p. Borgaon T/D. Satara – 415 519.
2007-08	30.09.2008	3.00 p.m.	
2008-09	29.09.2009	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..