KAY POWER AND PAPER LIMITED



20th Annual Report 2010-2011

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	

TWENTIETH ANNUAL GENERAL MEETING

TUESDAY, 6th SEPTEMBER, 2011

Time : 3.00 p.m.

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

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of KAY POWER AND PAPER LIMITED will be held at 3.00 p.m. on Tuesday, 6th September, 2011 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, 2011 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 Mr.Niraj Chandra, who retires by rotation and being eligible, offers himself 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 pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with schedule XIII to the said act, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Niraj Chandra, Chairman and Managing Director of the Company for a further period of 5 (five) years with effect from 1st January 2012, without remuneration, as offered by him, in the present conditions of the Company, with liberty to the Board of Directors to make such alteration/modifications as may be necessary and to give effect to the decisions taken herein."

"RESOLVED FURTHER THAT wherein any financial year, during the tenure of Mr. Niraj Chandra as the Chairman and Managing Director, if the Board decides to pay remuneration to him and the Company has no profits or its profits are inadequate, the Company will pay him that remuneration, as minimum remuneration, subject to the provisions of schedule XIII to the Companies Act, 1956."

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

Place : Satara — Sham A.Mulye
Date : 28th June, 2011 — 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 1st September 2011 to Tuesday 6th September 2011 (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/ transfers, share certificates and all 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-400072 Phone - (022) 67720400/347 Fax - (022) 67720416

6. Dematrialisation : The shares of the Company are compulsorily traded in demat w.e.f. 25th 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.

Mr. Niraj Chandra age 47 years, is having rich experience of more than 24 years with good rapo with various industries, duly carrying the operations of the Company as Chairman and Managing Director for last 17 years.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No 4 :

Mr. Niraj Chandra was appointed as the Chairman and Managing Director of the Company for a period of five years w.e.f. 01-01-2007. Accordingly his term of appointment expired on 31.12.2011.

The Board of Directors in their meeting held on 28th June 2011, have recommended this resolution for re-appointment of Mr. Niraj Chandra as Chairman and Managing Director of the Company for a further period of five years w.e.f. 01-01-2012, to the members for the want of disinterested quorum. Mr. Niraj Chandra had offered his services without payment of any salary from 1.1.2007.

The Board of Directors have appreciated the feelings of Mr. Niraj Chandra and opined to modify the salary as and when the situation permits. The Board of Directors recommends the proposed resolution as set out in item No. 4 of the notice for your approval.

Mr. Niraj Chandra and Mrs. Deepa Agarwal being relative, are interested in the resolution. The other Director in no way is concerned or interested.

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

Place : Satara — Sham A.Mulye
Date : 28th June, 2011 — Company Secretary

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 31st March, 2011.

FINANCIAL RESULTS :

(Rs. in lac)

	2010-11	2009-10
Net Sales	**2,283.49**	1,599.40
Gross Profit	**81.25**	54.48
Remission /Reversal of Interest		31.14
Net Profit	**81.25**	85.44
Loss carried to Balance Sheet	**1,483.54**	1,564.79

OPERATIONS :

During the year under review, Paper Division was operational throughout the year producing 10587 M.T. Kraft Paper and achieved higher sales of Rs.2,283.49 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 --------Units to MSEDCL amounting to Rs. 160.16 lac. The net profit 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;

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 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 31st 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

Niraj Chandra
Chairman and
Managing Director

Place : Satara
Date : 28th June, 2011

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 it's 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 31.3.2011.

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 30th 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 of 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
2008-09	29.09.2009	3.00 p.m.	T/D. Satara – 415 519.
2009-10	30.09.2010	3.00 p.m.	

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

DISCLOSURES :

a) 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.

b) 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..