

# **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](http://kaypowerandpaper.com)

**TWENTYFIRST ANNUAL GENERAL MEETING**  
**TUESDAY, 18<sup>TH</sup> SEPTEMBER, 2012**

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

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### 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, 18<sup>th</sup> 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 31<sup>st</sup> 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 : 23<sup>rd</sup> 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, 11<sup>th</sup> September, 2012 to Tuesday, 18<sup>th</sup> 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 18<sup>TH</sup> 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 31<sup>st</sup> March, 2012.

**FINANCIAL RESULTS :**

(Rs. in lac)

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

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures ;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period ;
- 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

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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 31<sup>st</sup> March 2012

Due date of filling : by 30<sup>th</sup> 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 : 23<sup>rd</sup> 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 6<sup>th</sup> 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

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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 T/D. Satara – 415 519.
2009-10	30.09.2010	3.00 p.m.	
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.

**KAY POWER AND PAPER LIMITED****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 <sup>th</sup> August, 2012 Before 14 <sup>th</sup> November, 2012 Before 14 <sup>th</sup> February, 2013 April/May, 2013 18 <sup>th</sup> 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 <sup>th</sup> September, 2012 to 18 <sup>th</sup> 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	ReceivedCleared
A. Complaints received from Shareholders	44
B. Complaints received from Stock Exchange / SEBI	11

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.