

KAY POWER AND PAPER LIMITED



**22nd
Annual Report
2012-2013**



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	(passed away on 26.07.2012)
		Ms. Deepa Agarwal	
		Mr. Arvind V. Kulkarni	(From 12.09.2012)
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	:	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	

**TWENTY SECOND ANNUAL GENERAL MEETING
TUESDAY, 27TH AUGUST, 2013**

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 Second Annual General Meeting of the Members of KAY POWER AND PAPER LIMITED will be held at 3.00 p.m. on Tuesday, 27th August, 2013 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, 2013 and statement of Profit and Loss for the year ended on that date and the Directors' and Auditors' report thereon.
2. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS :

3. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :-
"RESOLVED THAT Mr. Arvind Vinayak Kulkarni, who was appointed by the Board of Directors of the Company as a Director with effect from 12th September, 2012, in the casual vacancy caused by the sudden death of Mr. A.T.Shaikh, Director of the Company and who vacates the office at this Annual General Meeting under Section 262 of the Companies Act, 1956 and being eligible he has given notice in writing signifying his candidature for the Office of Director as required by Section 257 of the Companies Act, 1956, 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 : Satara Sham A.Mulye
Date : 22nd June, 2013 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 Explanatory statement pursuant to Section 173(2) Of the Companies Act, 1956 in respect of Item No.3 is appended.
- 3 Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 20th August, 2013 to Tuesday, 27th, August, 2013 (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 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.
- 6 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.
- 7 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 - www.kaypowerandpaper.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ITEM NO.3

Mr. Arvind Vinayak Kulkarni, Manager Banking Operations was appointed as Director in the casual vacancy caused by the sudden and untimely death of Mr. A.T.Shaikh, holds office until ensuing Annual General Meeting and being eligible for re-appointment. In terms of the provisions of Section 257 of the Companies Act, 1956, the Company has received his notice in writing signifying his candidature as a Director of the Company liable to retire by rotation.

A brief profile and particulars of Mr. Arvind Vinayak Kulkarni is given in the related section of Corporate Governance incorporated in the Annual Report.

Directors recommend the resolution for the approval of the Shareholders.

None of the Directors of the Company except Mr. Arvind V. Kulkarni is interested or concerned in the said resolution.

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

Place : Satara Sham A.Mulye
Date : 22nd June, 2013 Company Secretary

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting Twenty Second Annual Report on the business and operations of your Company and Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS :

	(Rs. in lac)	
	2012-13	2011-12
Total Revenue	2,549.98	2,349.75
Net Profit	6.03	6.23

OPERATIONS :

During the year under review, only Paper Division was operational throughout the year producing 12167 M.T. Kraft Paper and achieved sales of Rs.2540.67 lac as against 10437 M.T. and Rs.2242.59 lac of the previous year. The net profit was Rs. 6.03 lac as against 6.23 lac of the previous year.

Company could not run Power Division due to non availability of Bagasse, raw material for Power Generation during the 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 streamlined operations of Paper Division will continue to give good results during the current year too.

Due to drought situation, cultivation of Sugar cane has badly suffered and the availability of bagasse is very poor, hence Company is not in a position to re-start the Operations of Power Division in the current year too.

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 result awaited.

DIRECTORS :

Mr. A.T.Shaikh, Independent and Qualified Director of the Company passed away on 26.07.2012 and Mr. Arvind Vinayak Kulkarni, Manager, Banking Operations was appointed in the casual vacancy arisen and vacates the office in this Annual General Meeting. Being eligible Mr. A.V.Kulkarni offers himself for re-appointment. at the ensuing Annual General Meeting. The necessary resolution is being put in the Notice of the ensuing Annual General Meeting for the consideration 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.

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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 report read with the relevant notes thereon are self explanatory and therefore do not call for any further comments under Section 217 of the Companies Act, 1956.

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 2013-14, subject to the approval of Central Government, thereto. As mandated by Order No.52-26-CAB-201 dated 6th November 2012 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, 2013

Due date of filling : by 30th September, 2013

FIXED DEPOSIT :

As on 31st March, 2013, 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 OF EQUITY SHARES :

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., 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 : 22nd June, 2013

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. Though the Company is making all efforts to appoint independent and qualified directors to recoup the Board, is not getting proper response in the present scenario. Company is expecting sanction of rehabilitation scheme from B.I.F.R. soon, which will help the Company to appoint independent and qualified Directors to recoup the Board.

Table 1 - The composition of the Board and other directorships and committee positions held on 31st March, 2013.

Name of the Director	Category	No. of other Directorships	Committee positions	
			As Chairman	As Member
Mr. Niraj Chandra	Executive	1	1	
Ms. Deepa Agarwal	Non Executive	Nil		1
Mr. A.T. Shaikh*	Non Executive	Nil		1
Mr. A.V.Kulkarni**	Independent Non Executive	Nil		

*Passed away on 26.07.2012

**From 12.09.2012

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

During the year 1.4.2012 to 31.3.2013, five Board Meetings were held on 30.05.2012, 23.06.2012, 12.09.2012, 12.11.2012 and 14.02.2013.

The last Annual General Meeting was held on 18th September, 2012.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM
Mr. Niraj Chandra	5	Present
Ms. Deepa Agarwal	3	Absent
Mr. A. T. Shaikh*	1	Absent
Mr. A. V. Kulkarni**	3	Present

*Passed away on 26.07.2012

**From 12.09.2012

3. Audit Committee

The Audit Committee is having 1 Non Executive Director, Ms. Deepa Agarwal after IREDA'S withdrawal of nomination of Dr. Anil K. Rajvanshi, Chairman of the Audit Committee and sudden death of Mr. A. T. Shaikh. Though the Company is making all efforts to appoint independent and qualified directors to recoup the Audit Committee, is not getting proper response in the present scenario. Company is expecting sanction of rehabilitation scheme from B.I.F.R. soon, which will help the Company to appoint independent and qualified Directors to recoup the Audit Committee.

The Company Secretary acts as the Secretary of the committee.

The Audit Committee is responsible for overseeing the Company's financial reporting process,

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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 fees	Salary	Commission	Total
Mr. Niraj Chandra	-	\$	-	-
Ms. Deepa Agarwal	1500	-	-	1500
Mr. A. T. Shaikh*	500	-	-	500
Mr. A. V. Kulkarni**	-	\$\$	-	-

*Passed away on 26.07.2012

**From 12.09.2012

\$ 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.

\$\$ Mr. A.V. Kulkarni is receiving salary of Rs.25,000/- P.M. as Manager Banking Operations.

5. Shareholders/ Investors Grievance Committee

The Shareholders/ Investors Grievance 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
2009-10	30.09.2010	3.00 p.m.	Gat No.454/457, A/P. Borgaon T/D. Satara – 415 519.
2010-11	06.09.2011	3.00 p.m.	
2011-12	18.09.2012	3.00 p.m.	

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

DISCLOSURE :

- Information in respect of the Director seeking re-appointment at the Annual General Meeting to be held on Tuesday, 27th August, 2013.
Mr. Arvind Vinayak Kulkarni is B.Com. and having rich experience of Banking. Working with the Company for more than 20 years. He holds 200 shares of the Company.
- 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, where displayed	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 30.6.2013 Financial reporting for the quarter ending 30.9.2013 Financial reporting for the quarter ending 31.12.2013 Financial reporting for the quarter ending and year ending 31.3.2014 Annual General Meeting Venue		Before 14 th August, 2013 Before 14 th November, 2013 Before 14 th February, 2014 April/May,2014 27 th August,2013 at 3.00 p.m. Regd. Office : Gat No. 454/457, A/P. Bargaon, 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 20 th August, 2013 to 27 th August, 2013	
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	1	1
B.	Complaints received from Stock Exchange / SEBI	-	-

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.