

**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

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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. Dematerialisation : 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

Date : 28th June, 2011

Sham A.Mulye
Company Secretary

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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)	
	<u>2010-11</u>	<u>2009-10</u>
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

Place : Satara
Date : 28th June, 2011

Niraj Chandra
Chairman and
Managing Director

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 31.3.2011.

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 :

- 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..

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MEANS OF COMMUNICATION :

Recommendation	Compliance
Quarterly Results : Whether published	Yes
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 30.6.2011 Financial reporting for the quarter ending 30.9.2011 Financial reporting for the quarter ending 31.12.2011 Financial reporting for the quarter ending & year ending 31.3.2012 Annual general meeting Venue	Before 14th August, 2011 Before 14th November, 2011 Before 14th February, 2012 April/May, 2012 6/9/2011 at 3.00 p.m. Registered 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. Samhita Warehousing Complex, Warehouse No 52 & 53, Plot No 13AB, 2nd Floor Sakinaka, Mumbai - 400 072 Tel. No. (022) 67720400/347 Fax No. (022) 67720416
Stock code Stock Exchange	530255 Bombay Stock Exchange Ltd.
Book Closure date	From 1st September, 2011 To 6th September, 2011
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	5 5
b. Complaints received from Stock Exchange / SEBI	1 1

Share transfer system :

Trading in Equity Shares of Company is permitted only in dematerialised form.

Share Transfers in physical form are registered and returned within 30 days from the date of receipt of documents in order in all respects.

KAY POWER AND PAPER LIMITED

Distribution of shareholding as on 31st March, 2010.

No. of shares	No of Share holders	% of Shareholders	Total face value Rs. ('000)	% of total Value
Upto 500	4860	86	7404	6.96
501-1000	366	6.48	3250.43	3.06
1001-2000	140	2.48	2299.33	2.16
2001-3000	64	1.13	1634.11	1.54
3001-4000	24	0.42	877.42	0.83
4001-5000	31	0.55	1490.2	1.4
5001-10000	59	1.04	4317.3	4.06
10001 and above	107	1.9	85127.2	79.99
TOTAL	5651	100	106400	100

Categories of shareholders as on 31st March, 2011.

Category	No. of shares held	Voting Strength (%)
Promoters, Relatives and Associate companies	4067647	38.23
Public	4660711	43.8
NRI/FII's/OCB's	894895	8.41
Domestic Companies (Including financial institution)	1016747	9.56

Details of Share price and volumes traded on Bombay Stock Exchange Ltd. during April 2010 to March 2011.

Month	High Price	Low Price	No. of Shares
Apr, 10	19.54	13.50	74,17,578
May, 10	16.95	13.50	35,89,166
Jun, 10	18.79	14.10	85,10,320
Jul, 10	22.50	15.55	87,79,707
Aug, 10	23.10	18.45	25,74,289
Sep, 10	20.80	17.00	56,11,014
Oct, 10	30.00	17.00	1,25,86,046
Nov, 10	28.35	20.80	83,26,750
Dec, 10	26.00	18.80	21,53,699
Jan, 11	20.10	17.35	17,25,453
Feb, 11	18.40	13.85	21,57,282
Mar, 11	15.35	13.00	8,13,701

Compliance Officer	Mr. Sham A. Mulye Company Secretary Liasion Office : B-7-8, Mayfair Eleganza - I, N.I.B.M. Road, Kondhwa, Pune - 411 048. Tel. : (020) 26836058, Fax : (020) 26831787
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TO THE MEMBERS OF KAY POWER AND PAPER LIMITED

We have examined the compliance of conditions of Corporate Governance by Kay Power And Paper Limited, for the year ended 31st March 2011 as stipulated in Clause 49 of the listing Agreement of the said Company with the Bombay Stock Exchange Ltd.

The compliance of conditions of Corporate Governances is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. As informed, there is no unresolved investor/ shareholders compliant.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For GODBOLE & COMPANY
Chartered Accountants

Place : Satara Ashutosh Godbole
Date : 28th June, 2011 Proprietor

ANNEXURE 2 : Particulars required to be disclosed under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' report for the year ended 31st March, 2011.

Conservation of Energy : Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule thereto:

	<u>2010-2011</u>	<u>2009-2010</u>
i. Power & Fuel consumption		
1. Electricity (Units)		
a. Own generation	14,32,034	-
b. Purchased From MSEDCL	33,43,600	32,62,640
c. Total Cost (Rupees) (19514134+18193579)	3,77,07,716	1,97,38,975
d. Rate per unit (Rupees) :	7.90	6.05
2. Bagasse consumed in Boiler		
a. Quantity (M.Tons)	15,958	585
b. Total Cost (Rupees)	1,81,93,579	12,89,519
c. Rate per M.Ton (Rupees)	1,140	2,204
ii. Consumption per unit of production		
1. Paper		
a. Electricity (Units) (3062119+560034)	36,22,153	32,62,640
b. Production (M.Tons)	10,588	9,983
c. Units per M.Ton	342	327
2. Power		
a. Quantity (M.Tons)	2,914	-
b. Generation (Units)	8,72,000	-
c. Consumption per unit (KG)	3.34	-

**YET NOT
RECEIVED**

**AUDITORS' REPORT****TO THE MEMBERS OF
KAY POWER AND PAPER LIMITED**

1. We have audited the attached Balance sheet of **Kay Power and Paper Limited** as at 31st March, 2010 and the Profit and Loss account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating one overall financial statement presentations. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3. above,
 - a) We have obtained all the information and explanation which, to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by the law, have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance sheet, Profit and loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance sheet and the Profit and loss account are in compliance with Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956 except AS15 regarding Accounting for retirement benefits which are not complied with. (Refer Note No.12(9) in Schedule 19)
 - e) Based on representations received from Directors of the Company and the information and explanations given to us, none of the Directors of the Company are prime-facie, as at 31st March, 2010, disqualified from being appointed as directors of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to explanation given to us, the said account read together with the Significant Accounting Policies and Notes to Accounts in Schedule 19 and those appearing elsewhere in the accounts, give information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2010
 - ii) in case of the Profit and loss account of the profit for the year ended on that date.
 - iii) In case of Cash Flow Statement, of cash flows for the year ended as on that date.

For **GODBOLE & COMPANY**
Chartered Accountants

sd/-

Place : Satara
Date : 30th May, 2010

Ashutosh Godbole
Proprietor
Mem. No. 104822

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Annexure referred to in paragraph (3) of our Report of even date on the accounts of KAY POWER AND PAPER LTD. for the year ended 31st March, 2010.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
b) As per our information and explanations given to us, fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
c) During the year, the Company has not disposed off major part of the fixed assets.
2. a) According to information and explanations given to us, the inventory has been physically verified by the management during the year. In our opinion, frequency of verification is reasonable.
b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to books and records were not material.
3. a) In our opinion and according to the information and explanations given to us, the Company has taken loans from Thirteen parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1509.87 lac and year end balance of loans taken from such parties was Rs.928.92 lac. The Company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956.
b) In our opinion, the terms and conditions subject to which these loans are taken are not prima facie prejudicial to the Company.
- c) The Company is not paying any interest on these loans. We are unable to comment on the regularity of principal amount, as the repayment period is not stipulated.
4. In our opinion and according to information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and nature of business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. a. In our opinion and according to information and explanation given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b. In our opinion and according to information and explanations given to us, no transactions were made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs.
6. The Company has not accepted any deposits from the public, during the year.
7. The Company did not have any formal internal audit system during the year under review. However, it's internal control procedure involved reasonable checking of it's financial records.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained.



9. a. According to records of Company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund dues and Profession tax Following amounts outstanding as at 31/3/2010 for a period more than 6 months from the date they become payable.

Sr. No.	Nature of Dues	Amount Rs. In Lac
1.	Provident Fund	2.74
2.	Professional Tax	1.44

- b. According to information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, excise duty were in arrears as at 31/3/2010 for a period more that six months from the date they became payable.
- c. According to information and explanation given to us, there are no dues of income tax, sales tax, excise duty which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the Company are Rs.1564.79 lac as on 31/3/2010 are more than its total net worth. The Company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year. The accumulated losses have totally eroded the net worth of the Company and reference has been made to the Board for Industrial and Financial Reconstruction (BIFR).
11. In our opinion and according to information and explanation given to us, the Company has defaulted in repayment of dues to MSFC and IREDA. The amount and period of default are as follows.

Loan of	Amount Rs. In Lac	Period months
IREDA	1744.31	96
M.S.F.C.	7.82	-

12. According to information and explanation given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interests of the Company.
16. According to information and explanation given to us no term loans were obtained during the year.
17. According to information and explanation given to us and an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
18. According to information and explanation given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
19. The Company has not issued any debentures during the year under audit.
20. The Company has not raised money by public issue during the year under audit.
21. According to information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of audit.

For GODBOLE & COMPANY
Chartered Accountants

sd/-

Place : Satara
Date : 30th May, 2010

Ashutosh Godbole
Proprietor
Mem. No. 104822

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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	(11,95,583)	(91,286)
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	(277,370)	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

Sham A. Mulye	Niraj Chandra	Deepa Agarwal
Company Secretary	Chairman and	Director
Jagadhri	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

KAY POWER AND PAPER LIMITED**BALANCE SHEET AS AT 31ST MARCH, 2011**

	SCHEDULE	As At		As at
		Rs.	Rs.	31 st March, 2010
I. SOURCES OF FUNDS				
Share holders' Funds				
Share Capital	1	10,64,00,000		10,64,00,000
Reserves and Surplus	2	<u>52,57,136</u>		<u>52,57,136</u>
			11,16,57,136	11,16,57,136
Share Application Money			9,92,80,000	9,62,80,000
Loan funds				
Secured Loans	3	17,69,86,077		19,52,11,177
Unsecured Loans	4	<u>15,56,19,011</u>		<u>13,27,35,567</u>
			33,26,05,088	<u>32,79,46,744</u>
TOTAL			54,35,42,224	<u>53,58,83,880</u>
II. APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		46,01,87,986		45,89,92,403
Less Depreciation		<u>11,42,77,070</u>		<u>10,61,75,450</u>
Net Block			34,59,10,916	35,28,16,953
Investments	6		31,500	31,500
Current Assets Loans & Advances				
Inventories	7	2,33,39,481		1,04,99,454
Sundry Debtors	8	2,35,79,666		86,27,318
Cash & Bank Balances	9	11,13,914		13,91,284
Loans & Advances	10	<u>1,16,25,644</u>		<u>2,54,80,284</u>
		5,96,58,705		4,59,98,340
Less				
Current Liabilities & Provisions	11			
Liabilities		1,01,26,960		1,88,92,666
Provisions		<u>2,86,529</u>		<u>5,49,694</u>
		1,04,13,489		1,94,42,360
Net Current Assets			4,92,45,216	2,65,55,980
Profit & Loss Account			14,83,54,592	15,64,79,447
TOTAL			54,35,42,224	<u>53,58,83,880</u>
Notes forming part of the accounts	19			

As per our report of even date

For GODBOLE & COMPANY

Chartered Accountants

Ashutosh Godbole

Proprietor

Sham A. Mulye
Company Secretary

For and on behalf of the Board of Directors

Niraj Chandra
Chairman and
Managing DirectorDeepa Agarwal
Director

Place : Satara

Date : 2nd June, 2011

Place : Jagadhri

Date : 30th May, 2011

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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

Sham A. Mulye
Company Secretary

For and on behalf of the Board of Directors

Niraj Chandra
Chairman and
Managing Director

Deepa Agarwal
Director

Place : Satara

Date : 2nd June, 2011

Place : Jagadhri

Date : 30th May, 2011

KAY POWER AND PAPER LIMITED

Schedule Nos. 1 to 19 annexed to and forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date.

	As At 31st March, 2011 Rs.	As At 31st March, 2010 Rs.
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000	15,00,00,000
Issued & Subscribed		
1,06,40,000 Equity Shares of Rs. 10/- each	10,64,00,000	10,64,00,000
TOTAL	10,64,00,000	10,64,00,000
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium Account	2,57,136	2,57,136
Special Capital Incentive of Govt. of Maharashtra	50,00,000	50,00,000
TOTAL	52,57,136	52,57,136
SCHEDULE 3 : SECURED LOANS		
a) Term loan from Indian Renewable Energy Development Agency Ltd. (IREDA) (Secured by first mortgage & charge on all fixed assets, both movable and immovable, of the Company.)	12,98,26,042	12,98,26,042
b) Additional Term Loan from Indian Renewable Energy Development Agency Ltd. (IREDA) (Secured by first mortgage & charge on all fixed assets, both movable and immovable, of the Company.)	2,71,61,817	4,46,04,917
c) Cash Credit from Central Bank of India (Secured against hypothecation of inventories)	1,99,98,218	1,99,98,218
d) Interest Payable - MSFC	-	7,82,000
TOTAL	17,69,86,077	19,52,11,177
SCHEDULE 4 : UNSECURED LOANS		
Inter Corporate Deposits	10,50,08,365	9,28,92,130
Deferred liability for Sales Tax	5,06,10,646	3,98,43,437
TOTAL	15,56,19,011	13,27,35,567

SCHEDULE 5 : FIXED ASSETS

Name of Asset	GROSS BLOCK (RS.)		DEPRECIATION (RS.)		NET BLOCK (RS.)			
	As at 01/04/2010	Addition	As at 31/03/2011	Up to 31/03/2010	For the year	Up to 31.3.11	As at 31/03/2010	As at 31.3.11
Paper Division								
Free holdland	5,73,245	-	5,73,245	-	-	-	5,73,245	5,73,245
Land & Site Development	13,49,328	-	13,49,328	-	-	-	13,49,328	13,49,328
Buildings	2,01,84,399	-	2,01,84,399	55,63,580	4,88,335	60,51,915	1,41,32,484	1,46,20,819
Well & Lift Scheme	42,21,280	-	42,21,280	9,56,333	1,09,049	10,65,382	31,55,898	32,64,947
Plant & Machinery	11,28,00,836	2,29,869	11,30,30,705	4,45,78,698	36,07,383	4,81,86,081	6,48,44,624	6,82,22,138
E T Plant	50,97,470	-	50,97,470	22,52,403	1,50,220	24,02,623	26,94,847	28,45,067
Weigh Bridge	6,80,372	25,500	7,05,872	2,55,574	20,576	2,76,150	4,29,722	4,24,798
Boiler	95,12,999	-	95,12,999	29,80,003	3,44,942	33,24,945	61,88,054	65,32,996
Laboratory Equipments	1,24,721	16,325	1,41,046	45,167	4,063	49,230	91,816	79,554
Furniture & Fixture	2,39,072	8,490	2,47,562	1,05,006	8,785	1,13,791	1,33,771	1,34,066
Vehicles	12,91,063	4,99,371	17,90,434	6,09,084	98,316	7,07,400	10,83,034	6,81,979
Office Equipments	10,76,319	7,142	10,83,461	3,84,228	44,020	4,28,248	6,55,213	6,92,091
Software & Licenses	28,000	-	28,000	-	-	-	28,000	28,000
Total	15,71,79,104	7,86,697	15,79,65,801	5,77,30,076	48,75,689	6,26,05,765	9,53,60,036	9,94,49,028
Power Division								
Land & Site Development	11,22,850	-	11,22,850	-	-	-	11,22,850	11,22,850
Building	1,52,18,490	-	1,52,18,490	15,78,192	1,51,030	17,29,222	1,34,89,268	1,36,40,298
Cooling Tower	21,00,833	33,886	21,34,719	3,01,427	31,697	3,33,124	18,01,595	17,99,406
DM Plant	13,17,022	-	13,17,022	1,82,817	19,853	2,02,670	11,14,352	11,34,205
Steam Line	4,81,300	-	4,81,300	81,374	7,000	88,374	3,92,926	3,99,926
L T Electrical Pannels	29,35,435	3,75,000	33,10,435	4,24,173	50,791	4,74,964	28,35,471	25,11,262
Bagasse handling System with RBC	5,43,46,274	-	5,43,46,274	91,74,879	7,90,660	99,65,539	4,43,80,735	4,51,71,395
Boiler	8,29,09,042	-	8,29,09,042	1,38,37,693	12,08,995	1,50,46,688	6,78,62,354	6,90,71,349
T G Set with H T Pannels	14,11,45,109	-	14,11,45,109	2,28,54,308	20,70,510	2,49,24,818	11,62,20,291	11,82,90,801
Furniture & Fixture	56,781	-	56,781	10,355	974	11,329	45,452	46,426
Kiosk Unit	1,80,163	-	1,80,163	156	3,151	3,307	1,76,856	1,80,007
Total	30,18,13,299	4,08,886	30,22,22,185	4,84,45,374	43,34,661	5,27,80,035	24,94,42,150	25,33,67,925
Grand Total	45,89,92,403	11,95,583	46,01,87,986	10,61,75,450	92,10,350	11,53,85,800	34,48,02,186	35,28,16,953
Previous Year	45,89,01,117	91,286	45,89,92,403	10,10,82,938	50,92,512	10,61,75,450	35,28,16,953	35,78,18,179

* Depreciation of Power Division is calculated for the actual operational period.

KAY POWER AND PAPER LIMITED

	As At 31 st March, 2011	As At 31 st March, 2010
	Rs.	Rs.
SCHEDULE 6 : INVESTMENTS		
Quoted/Non Trade (At Cost)		
1,500 Equity Shares of Rs. 10/- each of National General Industries Ltd.	22,500	22,500
900 Equity Shares of Rs.10/- each of Ambala Cements Ltd.	9,000	9,000
[Market Value on 31.3.11-Nil (31.3.10-Nil)]		
TOTAL	31,500	31,500
SCHEDULE 7 : INVENTORIES		
Stores & Spares etc. at cost	35,42,834	39,28,964
Raw Material at cost	1,59,84,670	38,88,250
Finished Goods at cost or realisable value whichever is lower	38,11,977	26,82,240
TOTAL	2,33,39,481	1,04,99,454
SCHEDULE 8 : SUNDRY DEBTORS (Unsecured, Good)		
Outstanding over six months	-	-
Others	2,35,79,666	86,27,318
TOTAL	2,35,79,666	86,27,318
SCHEDULE 9 : CASH & BANK BALANCES		
Cash on hand	49,054	1,35,451
Balances with Scheduled Banks		
In Fixed Deposits	58,750	58,750
In Current Accounts	10,06,110	11,97,083
TOTAL	11,13,914	13,91,284
SCHEDULE 10 : LOANS & ADVANCES		
Balances with Statutory/Public Authorities	1,16,01,144	2,54,55,784
Advance recoverable in cash or in kind or for value to be recoverable	24,500	24,500
TOTAL	1,16,25,644	2,54,80,284
SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors for Capital Goods	-	-
Sundry Creditors	92,56,803	1,79,06,728
Other Liabilities	8,70,157	9,85,938
	1,01,26,960	1,88,92,666
Provisions	2,86,529	5,49,694
TOTAL	1,04,13,489	1,94,42,360

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		Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
	Rs.	Rs.	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		<u>1,60,15,844</u>	-
TOTAL		<u>22,83,49,167</u>	<u>15,99,39,778</u>
SCHEDULE 13 : OTHER INCOME			
Interest Received		70,610	-
Other Income		<u>13,61,424</u>	<u>5,15,270</u>
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 31 st March, 2011	Year Ended 31 st 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
Stock 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 & Maintenance	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		
<ol style="list-style-type: none"> 1. Contingent Liabilities : Guarantee 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. NIL) 5. Basic & Diluted Earning Per Share of Rs.10 each after extra-ordinary item Re. 0.76 (Re. 0.80). 		

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SCHEDULE 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 Nitroxygen 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 | ? |
| 4] Outstanding Credit Balance as on 31.03.11 | |
| Key Management Personnel | Nil |
| Associate Companies | ? |

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

8. Segmentwise Reporting

The Company has mainly two Divisions, Paper And Power Division:

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)	10587.93 (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.

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.

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

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.

-

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

Sham A. Mulye
Company Secretary

For and on behalf of the Board of Directors

Niraj Chandra
Chairman and
Managing Director

Deepa Agarwal
Director

Place : Satara

Date : 2nd June, 2011

Place : Jagadhri

Date : 30th May, 2011



Balance Sheet Abstract and Company's General Business Profiles.

I. Registration Details

Registration No. State Code

Balance Sheet Date

II. Capital raised during the year

(Amount in Rs. Thousands)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Right Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

III. Position of Mobilisation and development of Funds

(Amount in Rs. Thousands)

Total Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Total Assets	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Sources of Funds			
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Secured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Reserves & Surplus	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Application of Funds		Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Net Fixed Assets	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Investments	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Net Current Assets	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

IV. Performance of Company

(Amount in Rs. Thousands)

Turnover	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Exceptional Item	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Total Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
(+) Profit/ -Loss before Tax	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>			+Profit/ -Loss after Tax	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Earning per Share in Re.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>			Dividend Rate %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

V. Generic names of Three Principal Products/ Services of Company (As per monetary terms)

Item Code No. (ITC Code)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Product Description	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>



KAY POWER AND PAPER LIMITED

Regd. Office : Gat No. 454/457, Village Bargaon, Tal./Dist. Satara-415 519

PROXY FORM

I/We
of

being member/s of Kay Power and Paper Ltd., hereby appoint
..... of
or failing him, of

as my/our Proxy to vote for me/us and on my/our behalf at the **TWENTIETH ANNUAL GENERAL MEETING** of the Company, to be held **at 3.00 p.m. on Tuesday, 6th September, 2011** and at any adjournment thereof.

In witness whereof I/We have set my/our hand(s) this day of

Signed by the said

Affix
One Rupee
Revenue
Stamp

Note. : The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

----- TEAR HERE -----



KAY POWER AND PAPER LIMITED

Regd. Office : Gat No. 454/457, Village Bargaon, Tal./Dist. Satara-415 519

ATTENDANCE SLIP

To be handed over at the Meeting Hall

Name of the attending Member (in Block Letters)	Member's
	Ledger Folio / D.P.ID & Client ID
Name of the Proxy (in Block Letters) (To be filled in if the Proxy attending instead of the Member)	

No. of Shares held

I hereby record my presence at the **TWENTIETH ANNUAL GENERAL MEETING** of the Company to be held at Registered office at Gat No 454/457, Village Bargaon, Tal./Dist. Satara - 415 519, **at 3.00 p.m. on Tuesday, 6th September, 2011.**

Member's/Proxy's Signature

BOOK - POST

If undelivered, please return to :

KAY POWER AND PAPER LIMITED

B-7-8, Mayfair Eleganza-I, N.I.B.M. Road, Kondhwa, Pune : 411 048

PRABODH
24472503