

**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

22ND ANNUAL REPORT 2012-2013

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)	
	<u>2012-13</u>	<u>2011-12</u>
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.

22ND ANNUAL REPORT 2012-2013

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 Independent	Nil		1
Mr. A.V.Kulkarni**	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,

22ND ANNUAL REPORT 2012-2013

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
2010-11	06.09.2011	3.00 p.m.	T/D. Satara – 415 519.
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. 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 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.

22ND ANNUAL REPORT 2012-2013

Distribution of shareholding as on 31st March, 2013.

No. of shares	No of Shareholders	% of Shareholders	Total face value Rs.	% of total Value
Upto 500	4,725	86.11	71,93,960	6.77
501-1000	345	6.29	30,75,050	2.89
1001-2000	140	2.55	22,95,310	2.16
2001-3000	74	1.35	18,97,630	1.78
3001-4000	26	0.48	9,28,970	0.87
4001-5000	33	0.60	16,09,290	1.51
5001-10000	55	1.00	41,11,230	3.86
10001 and above	89	1.62	8,52,88,560	80.16
TOTAL	5,487	100.00	10,64,00,000	100.00

Categories of shareholders as on 31st March, 2013.

Category	No. of shares held	Voting Strength (%)
Promoters, Relatives and Associate Companies	47,52,647	44.67
Public	40,71,751	38.26
NRI/FII's/OCB's	2,15,370	2.03
Domestic Companies (Including financial institution)	16,00,232	15.04

MARKET PRICE DATA

The monthly high and low quotations of Shares traded on Bombay Stock Exchange Ltd., during April, 2012 to March, 2013.

Month and year	High Price	Low Price
April 2012	8.09	6.85
May 2012	8.05	6.57
June 2012	7.73	6.10
July 2012	8.20	5.87
August 2012	7.00	5.10
September 2012	7.00	4.90
October 2012	6.35	4.96
November 2012	5.79	4.73
December 2012	8.01	5.03
January 2013	10.95	6.40
February 2013	11.78	8.80
March 2013	14.91	10.30

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. Mobile: 9881374518, Fax : (020) 26831787
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KAY POWER AND PAPER LIMITED**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, 2013 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 : 22nd June, 2013 Proprietor

ANNEXURE II : 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, 2013.

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

	<u>2012-2013</u>	<u>2011-2012</u>
i Power & Fuel Consumption		
1. Electricity (Units)		
a. Own generation	-	1,40,655
b. Purchased From MSEDCL	37,53,520	35,12,295
c. Total Cost (Rupees)	3,27,49,280	2,33,54,390
d. Rate Per unit (Rupees) :	8.73	6.65
2. Bagasse Consumed in Boiler		
a. Quantity (M.Tons)	12,179	11,307
b. Total Cost (Rupees)	1,67,85,934	1,30,29,687
c. Rate per M.Ton (Rupees)	1,378	1,152
ii Consumption per unit of production		
1. Paper		
a. Electricity (Units)	37,53,520	36,52,950
b. Production (M Ton)	12,167	10,437
c. Unit per M.Ton	308	350
2. Power		
a. Quantity (M.Tons)	-	11,307
b. Generation (Units)	-	21,90,255
c. Consumption per Unit (KG)	-	5.16

B. Technology Absorption : The Company has effected the necessary measures to manufacture Kraft paper varieties at higher yields at better quality and to generate the power.

	<u>2012-2013</u>	<u>2011-2012</u>
C. Foreign Exchange Earnings and Outgo :		
Earnings	-	-
Outgo	1,54,36,753	66,46,010

For and on behalf of the Board of Directors

Place : Satara
Date : 22nd June, 2013

Niraj Chandra
Chairman and
Managing Director

22ND ANNUAL REPORT 2012-2013

AUDITORS' REPORT

To The Members of Kay Power And Paper Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Kay Power And Paper Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013,
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations 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 law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the 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 Para. (9) in Note 1 to the Financial Statements)
 - (e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For GODBOLE & COMPANY
Chartered Accountants

Place : Satara
Date : 30th May, 2013

Ashutosh Godbole
Proprietor
Mem. No. 104822
FRN : 117969W



Annexure Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our Report of even date to the Members of Kay Power And Paper Limited for the year ended on 31st March, 2013

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 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 five parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1536.12 Lakhs and year-end balance of loans taken from such parties was Rs.1536.12 Lakhs. 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 transactions 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 the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five Lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to information and explanations given to us, the Company does not have any deposits accepted from the public covered u/s 58-A during the year under audit.
7. The Company did not have any formal internal audit system during the year under review. However, its internal control procedure involved reasonable checking of its 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

22ND ANNUAL REPORT 2012-2013

- that prime facie the prescribed accounts and records have been made and maintained.
9. a. According to records, Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund dues and Professional tax. No amount is outstanding as at 31/3/2013 for a period more than 6 months from the date they become payable.
- 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 31/3/2013 for a period more than six months from the date they became payable except net liability of VAT pertaining to period from financial year 2007-08 to 2011-12 amounting to Rs.231.38 Lacs which is withheld by the company in anticipation of grant of deferral of the same under rehabilitation scheme sanction of which is awaited.
- 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 loss of the company is Rs.1471.29 Lakhs as on 31/3/2013 and is 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 had defaulted in repayment of dues to IREDA and has reached One Time settlement for the same.
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 banks or financial institutions are not prejudicial to the interests of the Company.
16. According to information and explanations given to us no term loans were obtained during the year.
17. According to information and explanations 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 explanations 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 explanations 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

Place : Satara
Date : 30-5-2013

Ashutosh Godbole
Proprietor
Mem. No. 104822
FRN : 117969W

KAY POWER AND PAPER LIMITED**BALANCE SHEET AS AT 31 MARCH, 2013**

Particulars	Note No.	As at 31 March, 2013 Rupees	As at 31 March, 2012 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	10,64,00,000	10,64,00,000
Reserves and surplus	3	(14,18,72,343)	(14,24,74,943)
		<u>(3,54,72,343)</u>	<u>(3,60,74,943)</u>
Share application money pending allotment	4	9,36,00,000	9,92,80,000
Non-current liabilities			
Long-term borrowings	5	35,06,56,822	33,73,45,062
Current liabilities			
Trade payables	6	2,04,75,806	1,72,16,137
Other current liabilities	7	7,25,070	7,10,340
Short-term provisions	8	1,80,122	96,690
TOTAL		<u><u>43,01,65,477</u></u>	<u><u>41,85,73,286</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	33,78,98,517	34,04,12,031
Non-current investments	10	31,500	31,500
Long-term loans and advances	11	1,76,39,580	1,41,71,363
Other non-current assets	12	58,750	58,750
Current assets			
Inventories	13	5,34,95,445	5,04,00,397
Trade receivables	14	1,96,08,231	1,19,86,564
Cash and bank balances	15	4,49,639	8,52,464
Short-term loans and advances	16	9,83,815	6,60,217
TOTAL		<u><u>43,01,65,477</u></u>	<u><u>41,85,73,286</u></u>
Significant Accounting Policies Followed by Company	1		

The accompanying notes are an integral part of the financial statements

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 : 30th May, 2013

Place : Pune

Date : 30th May, 2013

22ND ANNUAL REPORT 2012-2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

Particulars	Note No.	For year ended 31 March, 2013 Rupees	For year ended 31 March, 2012 Rupees
INCOME			
Revenue from operations (Gross)	17	27,01,28,378	24,65,34,254
Less excise duty		1,60,60,901	1,24,57,889
Revenue from operations (Net)		25,40,67,477	23,40,76,365
Other income	18	9,30,741	8,98,566
Total revenue		25,49,98,218	23,49,74,931
EXPENSES			
Cost of materials consumed	19	18,48,41,589	16,61,53,160
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	20	(6,54,289)	23,30,097
Manufacturing Expenses	21	4,29,25,152	3,81,11,926
Employee benefits expense	22	84,26,045	80,33,123
Finance costs	23	62,823	25,624
Depreciation and amortisation expense	9	44,35,215	57,17,043
Other expenses	24	1,43,15,381	1,37,33,152
Loss on Sale of Asset		3,414	2,48,293
Debit balances written off		40,288	-
Total expenses		25,43,95,618	23,43,52,418
Profit / (Loss) before tax		6,02,600	6,22,513
Tax expense:		-	-
Profit for the year after tax		6,02,600	6,22,513
Earnings per share			
Basic and diluted Earnings per share (in Re.) (Nominal value per share Rs. 10/-)		0.06	0.06
Significant Accounting Policies Followed by Company	1		

The accompanying notes are an integral part of the financial statements

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 : 30th May, 2013

Place : Pune

Date : 30th May, 2013

KAY POWER AND PAPER LIMITED**Cash Flow Statement for the year ended 31 March, 2013**

	31 March, 2013	31 March, 2012
	Rupees	Rupees
A. Cash Flow From Operating Activities		
Net Profit/ (Loss) Before Tax & Extra Ordinary item	6,02,600	6,22,513
Adjustment for Depreciation	44,35,215	57,17,043
Add Expenses relating to non-operating activities		
Interest & Bank Charges	62,823	25,624
Operating Profit/(Loss) before working capital changes	51,00,638	63,65,180
(Increase) / Decrease in Current Assets	(1,45,08,530)	(1,86,73,750)
Inventories	(30,95,048)	(2,70,60,916)
Trade Receivables	(76,21,667)	1,15,93,102
Long Term Loans and Advances	(34,68,217)	(32,55,582)
Short Term Loans and Advances	(3,23,598)	49,646
Increase / (Decrease) in current Liabilities & Provisions	33,57,831	76,09,678
Trade Payable	32,59,669	79,59,334
Other Liabilities	14,730	(2,11,500)
Provisions	83,432	(1,38,156)
Cash Generated from Operations	(60,50,061)	(46,98,892)
Less Tax Paid	-	-
Net Cash from Operating Activities (A)	(60,50,061)	(46,98,892)
B. Cash Flow From Investing Activities		
(Purchase) of Fixed Assets	(21,96,949)	(7,66,451)
Sale of Fixed Assets	2,75,248	5,48,293
Net Cash from investing Activities (B)	(19,21,701)	(2,18,158)
C. Cash Flow From Financial Activities		
Increase/ (Decrease) in Borrowings	1,33,11,760	47,39,974
Interest Paid	(62,823)	(25,624)
Share Application Money	(56,80,000)	-
Increase in Non Current Asset	-	-
Net Cash from Financial Activities (C)	75,68,937	47,14,350
D. Net Increase in Cash and Cash Equivalent	(4,02,825)	(2,02,700)
Cash and Bank Balances	4,49,639	8,52,464
E. Reconciliation		
Net Cash from Operating Activities (A)	(60,50,061)	(46,98,892)
Net Cash from Investing Activities (B)	(19,21,701)	(2,18,158)
Net Cash from Financial Activities (C)	75,68,937	47,14,350

For and on behalf of the Board of Directors

Sham A. Mulye
Company Secretary
Pune, 30th May, 2013

Niraj Chandra
Chairman and
Managing Director

Deepa Agarwal
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, 2013 reported upon by us on 30th May, 2013. 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, 30th May, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

Note 1 : 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. No depreciation on assets of Power Division is charged as power division was not functional and assets in power division remained idle for the whole year. 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.
4. Interest
In view of the B.I.F.R. 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. The Company has effected one time settlement of dues with SICOM LIMITED, State Bank of India, Central 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.
9. Retirement Benefits
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.


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

	<u>31 March, 2013</u>	<u>31 March, 2012</u>
	Rupees	Rupees
Note 2 : Share Capital		
Authorised		
1,50,00,000 Equity Shares of Rs.10/- each	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued, Subscribed and Paid-up		
1,06,40,000 Equity Shares of Rs.10/- each	<u>10,64,00,000</u>	<u>10,64,00,000</u>
Total	<u>10,64,00,000</u>	<u>10,64,00,000</u>

a Terms/rights attached to equity shares

The Company has only one class of equity shares at par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

b Details of shareholders holding more than 5% shares in the Company.

	<u>31 March, 2013</u>		<u>31 March, 2012</u>	
	No.	% of holding	No.	% of holding
Equity Shares of Rs. 10/- each fully paid up				
1 Niraj Chandra	<u>16,52,100</u>	<u>15.53</u>	16,52,100	15.53
2 Deepa Agarwal	<u>7,41,100</u>	<u>6.97</u>	7,41,100	6.97
3 Sushil Chandra	<u>6,75,100</u>	<u>6.34</u>	6,75,100	6.34
4 Usha Gupta	<u>11,77,100</u>	<u>11.06</u>	-	-
5 Madan Gupta	-	-	6,80,000	6.39

	<u>31 March, 2013</u>	<u>31 March, 2012</u>
	Rupees	Rupees
Note 3 : Reserves & Surplus		
Securities Premium Account	<u>2,57,136</u>	2,57,136
Special Capital Incentive of Govt of Maharashtra	<u>50,00,000</u>	50,00,000
Surplus in Statement of Profit and Loss		
Balance as per last Balance Sheet	<u>(14,77,32,079)</u>	(14,83,54,592)
Balance in the Statement of Profit and Loss	<u>6,02,600</u>	6,22,513
Balance at the end of the year	<u>(14,71,29,479)</u>	<u>(14,77,32,079)</u>
Total	<u>(14,18,72,343)</u>	<u>(14,24,74,943)</u>

Note 4 : Share Application Money Pending Allotment

Preferential allotment pending subject to saction of rehabilitation scheme from B.I.F.R.	<u>9,36,00,000</u>	9,92,80,000
Total	<u>9,36,00,000</u>	<u>9,92,80,000</u>

22ND ANNUAL REPORT 2012-2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

	<u>31 March, 2013</u> Rupees	<u>31 March, 2012</u> Rupees
Note 5 : Long Term Borrowings		
Secured		
Term loan from Indian Renewable Energy Development Agency Ltd. (IREDA) (Secured by First Mortgage and charge on all fixed assets both movable and immovable of the company)	9,49,36,042	11,23,81,042
Additional Term loan from Indian Renewable Energy Development Agency Ltd. (IREDA) (Secured by First Mortgage and charge on all fixed assets both movable and immovable of the company)	2,71,61,817	2,71,61,817
(The Company has reached one time settlement scheme with IREDA)	<u>12,20,97,859</u>	<u>13,95,42,859</u>
Unsecured		
Inter Corporate Deposits (The terms of repayment of these deposits are not defined)	15,36,11,814	13,58,08,365
Deferred Liability for Sales tax (Maharashtra Sales Tax Department has granted facility of deferral of sales tax liability under Packaged Scheme of Incentives. The Company has proposed extension of the scheme under the reconstruction proposal submitted to B.I.F.R.)	<u>7,49,47,149</u> 22,85,58,963	<u>6,19,93,838</u> 19,78,02,203
Total	<u>35,06,56,822</u>	<u>33,73,45,062</u>
Note 6 : Trade Payables		
Due to Micro, Small and Medium Enterprises*	-	-
others	<u>2,04,75,806</u>	<u>1,72,16,137</u>
Total	<u>2,04,75,806</u>	<u>1,72,16,137</u>

* In absence of any information from the vendors with regard to their registration under the Micro, Small and Medium Enterprises Development act 2006, unable to determine, but the payments are released within credit extended by the vendors and there is no liability towards interest on delayed payments during the year under the said act. There is also no amount of outstanding interest in this regard brought forward from previous year.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013**

	<u>31 March, 2013</u>	<u>31 March, 2012</u>
	Rupees	Rupees
Note 7 : Other Current Liabilities		
Dealer Deposit	–	1,50,000
Salary Payable	2,80,739	2,65,660
Wages Payable	3,35,646	2,44,526
Water Charges Payable	47,125	–
TDS Contractors Payable	10,724	11,190
Impress Account Payable	19,520	33,964
TDS Salary Payable	31,316	5,000
Total	<u>7,25,070</u>	<u>7,10,340</u>
Note 8 : Other Short Term Provisions		
MPCB Fees Payable	13,719	9,299
Labour Charges Payable	1,50,056	70,028
Professional Tax Payable	8,900	7,150
Unpaid Wages	2,000	5,437
Unpaid Salary	4,000	3,315
Employee PF Payable	1,447	1,461
Total	<u>1,80,122</u>	<u>96,690</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

Note 9 : Fixed Assets

Name of Asset	GROSS BLOCK (RUPEES)		DEPRECIATION (RUPEES)		NET BLOCK (RUPEES)	
	As at 01/04/12	As at Addition Deduction 31/03/13	Upto 31/03/12	For the year	As at 31/03/13	As at 31/03/2012
Paper Division						
Free hold land	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	8,32,542	65,23,940	4,79,876	70,03,816	1,40,13,125
Well & Lift Scheme	43,02,456		11,73,493	1,04,507	12,78,000	31,28,963
Plant & Machinery	11,27,49,235	11,85,059	5,16,11,230	32,31,781	5,48,43,011	6,11,38,005
E T Plant	50,97,470		25,44,911	1,34,775	26,79,686	24,17,784
Weigh Bridge	7,05,872		2,96,562	19,442	3,16,004	3,89,868
Boiler	96,15,999		36,56,369	3,14,668	39,71,037	59,59,630
Laboratory Equipments	1,41,046	1,14,300	53,591	5,879	59,470	87,455
Furniture & Fixture	2,47,562		1,22,259	7,932	1,30,191	1,17,371
Vehicles	17,90,434		8,10,830	93,552	9,04,382	8,86,052
Office Equipments	10,96,413	65,048	4,70,294	42,803	5,13,097	6,26,119
Software & Licenses	28,000		-		28,000	28,000
Total	15,78,81,459	21,96,949	15,98,03,160	6,72,63,479	44,35,215	7,16,98,694
Power Division						
Land & Site Development	11,22,850				11,22,850	11,22,850
Building	1,52,18,490		17,27,564		1,72,72,850	1,34,90,926
Cooling Tower	21,34,719		3,32,887		3,32,887	18,01,832
D M Plant	13,17,022		2,02,428		2,02,428	11,14,594
Steam Line	4,81,300		88,289		88,289	3,93,011
L T Electrical Pannels	33,10,435		4,76,023		4,76,023	28,34,412
Bagasse handling System with RBC	5,43,46,274		99,55,924		99,55,924	4,43,90,350
Boiler	8,29,09,042		1,50,31,985		1,50,31,985	6,78,77,057
T G Set with H T Pannels	14,14,47,609		2,49,00,948		2,49,00,948	11,65,46,661
Furniture & Fixture	56,781		11,317		11,317	45,464
Kiosk Unit	1,80,163		3,269		3,269	1,76,894
Total	30,25,24,685		5,27,30,634	*	5,27,30,634	24,97,94,051
Grand Total	46,04,06,144	21,96,949	46,23,27,845	11,99,94,113	44,35,215	12,44,29,328
Previous Year	46,01,87,986	7,66,451.00	46,04,06,144	11,42,77,070	57,17,043	11,99,94,113
						34,04,12,031
						34,59,10,916

* As the Power Division was not operated in the year no Depreciation is Charged.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013**

	<u>31 March, 2013</u>	<u>31 March, 2012</u>
	Rupees	Rupees
Note 10 : Non Current Investments		
Other Investments		
Quoted, Non Trade (At Cost)		
1500 Equity Shares of Rs.10/- each of National General Industries Ltd	22,500	22,500
900 Equity Shares of Rs.10/- each of Ambala Cement Ltd.	9,000	9,000
Total	<u>31,500</u>	<u>31,500</u>
Market value as at 31/3/2013 - Nil (31/3/2012 - Nil)		
Note 11 : Long Term Loans and Advances		
Sundry Deposits	23,000	23,000
Deposit with Irrigation Dept.	35,000	35,000
Security Deposits with Delhi High Court	29,44,900	29,44,900
M.S.E.D.C.L. Deposit (Lift Scheme)	1,06,185	1,06,185
M.S.E.D.C.L. Deposit (HT Connection)	23,82,999	12,69,719
Telephoone Deposits	25,027	25,027
Vat Credit Refundable	1,21,22,469	97,67,532
Total	<u>1,76,39,580</u>	<u>1,41,71,363</u>
Note 12 : Other Non Current Assets		
Balances with Scheduled Banks in Fixed Deposit	33,750	33,750
Fixed Deposit as security for Bank Guarantee For MPCB	25,000	25,000
Total	<u>58,750</u>	<u>58,750</u>
Note 13 : Inventories		
Tools & Spares (Valued at Cost)	45,76,027	41,45,223
Raw materials (Valued at Cost)	4,67,83,249	4,47,73,294
Finished Goods (Valued at Cost of production)	21,36,169	14,81,880
Total	<u>5,34,95,445</u>	<u>5,04,00,397</u>
Note 14 : Trade Receivables		
(Unsecured and Considered Good)		
- Outstanding over six months	3,23,793	3,23,793
- Others	1,92,84,438	1,16,62,771
Total	<u>1,96,08,231</u>	<u>1,19,86,564</u>
Note 15 : Cash and Bank Balances		
a. Cash in Hand	26,156	57,961
b. Balances with Banks		
Balances in Current Accounts	4,23,483	7,94,503
Total	<u>4,49,639</u>	<u>8,52,464</u>

22ND ANNUAL REPORT 2012-2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

	Rupees	<u>31 March, 2013</u>	<u>31 March, 2012</u>
		Rupees	Rupees
Note 16 : Short Term Loans and Advances			
Balances with Statutory / Public Authorities		-	-
Advance recoverable in cash or in kind or for value to be recoverable		<u>9,83,815</u>	<u>6,60,217</u>
Total		<u><u>9,83,815</u></u>	<u><u>6,60,217</u></u>
Note 17 : Revenue from Operations			
Kraft Paper			
Gross Sales		<u>27,01,28,378</u>	23,67,16,670
Less: Excise Duty and Cess		<u>1,60,60,901</u>	<u>1,24,57,889</u>
Net Sales		<u>25,40,67,477</u>	22,42,58,781
Power Sale to M.S.E.D.C. Ltd		-	98,17,584
Total		<u><u>25,40,67,477</u></u>	<u><u>23,40,76,365</u></u>
Note 18 : Other Income			
Foreign Exchange Rate Difference		2,74,775	-
Interest received		-	958
Profit on sale of assets		2,89,404	-
Discount Received		16,562	92,712
Credit Balances written off		-	1,10,631
Misc. Other Income		<u>3,50,000</u>	<u>6,94,265</u>
Total		<u><u>9,30,741</u></u>	<u><u>8,98,566</u></u>
Note 19 : Cost of material consumed			
Raw material consumed			
Opening Stock	4,47,73,294		1,59,00,663
Add: Purchase	<u>18,68,51,544</u>		<u>19,50,25,791</u>
	<u>23,16,24,838</u>		<u>21,09,26,454</u>
Less Closing stock	<u>4,67,83,249</u>		<u>4,47,73,294</u>
Total		<u><u>18,48,41,589</u></u>	<u><u>16,61,53,160</u></u>
Note 20 : Changes in inventories of finished goods, work-in-progress and stock-in-trade			
<u>Stock at Opening</u>			
Finished Goods		14,81,880	38,11,977
<u>Less Stock at Closing</u>			
Finished Goods		<u>21,36,169</u>	<u>14,81,880</u>
Total		<u><u>(6,54,289)</u></u>	<u><u>23,30,097</u></u>
Note 21 : Manufacturing Expenses			
Carriage Inward		4,32,041	4,24,952
Diesel for DG Set		-	38,651
Power & Fuel		3,27,49,280	2,33,54,390
Repairs & Maintainance		45,03,297	58,82,420
Bagasse Feeding		-	16,31,607
Other Manufacturing Expenses		<u>52,40,534</u>	<u>67,79,906</u>
Total		<u><u>4,29,25,152</u></u>	<u><u>3,81,11,926</u></u>


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

	<u>31 March, 2013</u>	<u>31 March, 2012</u>
	Rupees	Rupees
Note 22 : Employee Benefits Expense		
Salary and Wages	83,74,264	79,79,045
Welfare Expenses	21,726	21,892
Contribution to P F	30,055	32,186
Total	<u>84,26,045</u>	<u>80,33,123</u>
Note 23 : Finance Costs		
Bank Charges / Commission	62,823	25,624
Total	<u>62,823</u>	<u>25,624</u>
Note 24 : Other Expenses		
Legal & Professional Fees	3,93,941	6,17,030
C.D.S.L. Custodial Fees	30,000	30,000
Income Tax Assessment Fees	-	12,348
Packing & Forwarding	5,256	2,248
Testing Fees	6,851	7,607
ROC Filing Fees	6,500	37,500
Directors' Sitting Fees	2,000	1,500
Factory Licence Fees	42,000	12,000
MPCB Fees	1,50,000	4,120
Boiler Inspection Fees	-	10,100
Electrical Inspection Fees	800	73,200
BSE Listing Fees	40,000	40,000
Audit Fees	15,000	15,000
Membership & Subscription	22,624	1,530
Excise Duty Expenses	60,355	4,77,171
Interest on Excise Duty	258	114
M.S.E.D.C.L. short receipt	14,915	-
MPCB Cess / Testing Fees	15,330	-
Professional Tax - Company	2,500	2,500
Printing & Stationery	86,478	99,897
Postage & Telephone Expenses	1,17,808	1,27,524
Insurance	57,401	75,161
Rent Rates & Taxes	1,50,378	1,72,500
Commission and Discount	1,17,97,536	1,05,64,069
Vehicle repair & maintainance	1,01,117	87,211
Fuel for vehicles	1,17,990	1,66,433
Loading Charges	4,57,200	4,06,050
Advertisement Charges	3,520	-
Local Convoyance	64,448	64,587
Carriage Outward	1,10,200	1,12,733
Travelling Expenses	1,15,485	1,30,395
Misc Office expenses	3,27,490	3,82,624
Total	<u>1,43,15,381</u>	<u>1,37,33,152</u>

22ND ANNUAL REPORT 2012-2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

Note 25 : Contingent Liabilities : Guramtee executed in favour of customs for EPCG has been expired and unascertained duty for unfulfilled export obligation is outstanding.

Note 26 : The provisions of Employees State Insurance Act are not applicable to the Company.

Note 27 : 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.

Note 28 : C.I.F. value of imported west paper **Rs. 1,54,36,753** (Rs.66,46,010)

Note 29 : Raw Material Consumption

Item Name	Opening Stock		Purchases		Total		Consumption		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Bagasse	19439	35329521	8072	19747257	27511	55076778	12179	19208859	15332	35867919
	(8548)	(13677512)	(22198)	(34681696)	(30746)	(48359208)	(11307)	(13029687)	(19439)	(35329521)
Firewood	7	10654	790	1484962	797	1495616	69	129115	728	1366501
	(95)	(144590)	(83)	(186359)	(178)	(330949)	(171)	(320295)	(7)	(10654)
Coal	0	0	1128	5260016	1128	5260016	1033	4818873	95	441143
	(0)	(0)	(3774)	(15836110)	(3774)	(15836110)	(3774)	(15836110)	(0)	(0)
Indian Waste Paper	576	6631455	11983	133735652	12559	140367107	12158	135775050	401	4592057
	(70)	(737013)	(11624)	(127405001)	(11694)	(128142014)	(11118)	(121510559)	(576)	(6631455)
Imported Waste Paper	146	2351026	1268	20387861	1414	22738887	1195	19209286	219	3529601
	(70)	(836475)	(500)	(8866350)	(570)	(9702825)	(424)	(7351799)	(146)	(2351026)
Chemicals	0	339489	0	3582699	0	3922188	0	3135064	0	787124
	(0)	(415444)	(0)	(5826610)	(0)	(6242054)	(0)	(5902565)	(0)	(339489)
Packing Material	0	111149	0	2653097	0	2764246	0	2565342	0	198904
	(0)	(89629)	(0)	(2223665)	(0)	(2313294)	(0)	(2202145)	(0)	(111149)
Total	20168	44773294	23241	186851544	43409	231624838	26634	184841589	16775	46783249
	(8783)	(15900663)	(38179)	(195025791)	(46962)	(210926454)	(26794)	(166153160)	(20168)	(44773294)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013**Note 30 : Related Party Disclosure :**

List of the parties with whom transactions have taken place during the year.

- a. Associate Companies -
- 1) Kay Bouvet Engineering Ltd. - Unit III,
 - 2) Kay Nitroxygen Pvt Ltd.
- b. Key Management Personnel -
- 1) Mr. Niraj Chandra, Chairman and Managing Director
 - 2) Ms. Deepa Agarwal, Director & Relative

1) Details of Transactions are as follows :-

a) With Associate Companies - (Rs.In lac)

	Purchases	Sales
1) Kay Bouvet Engineering Ltd. - Unit III,	16.38	6.73
2) Kay Nitroxygen Pvt Ltd.	0.23	

b) With Key Management Personnel - NIL,

2) Outstanding Balance as on 31.03.2013 :

- a) Associate Companies - NIL
- b) Key Management Personnel - NIL

Note 31 : Segmentwise Reporting :

The Company has mainly two Divisions viz Paper and Power. During the current year 2012-13 only Paper Division was operational, hence segmentwise results are not given.

Note 32 : The previous year figures have been re-grouped /reclassified to conform to current year classification.

Note 33 : Figures in bracket pertain to previous year or give reverse impact.

The accompanying notes are an integral part of the financial statements

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 : 30th May, 2013

Place : Pune
Date : 30th May, 2013



KAY POWER AND PAPER LIMITED

Regd. Office : Gat No. 454/457, Village Borgaon, 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 **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company, to be held at **3.00 p.m. on Tuesday, 27th August, 2013** and at any adjournment thereof.

In witness whereof I/We have set my/our hand(s) this day of, 2013

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 Borgaon, 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 **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company to be held at Registered office at Gat No 454/457, Village Borgaon, Tal./Dist. Satara - 415 519, at **3.00 p.m. on Tuesday, 27th, August, 2013.**

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

FORM B

1	Name of the Company	Kay Power And Paper Limited
2	Annual Financial statements for the year ended	31 st March 2013
3	Type of Audit observation	In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, except AS15 regarding Accounting for retirement benefits which are not complied with.
4	Frequency of observation	Repetitive since FY 2006-2007
5	<i>Relevant notes in the annual financial statements and management response to the qualification in the directors report:</i>	Qualification contained in Clause 2(d) of 'Report on other legal and Regulatory requirements' of the audit report as mentioned in row 3 above. Management response to the remark is given in Note No.(9) in Schedule 1 'Notes to Accounts'.
6	<i>Additional comments from the board/audit committee chair:</i>	Provision for terminal benefits to employees like gratuity is not made 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. The estimated amount of provision for gratuity is low and not material. The actuarial valuation will be done once the financial position of the company improves.
7	To be signed by	
	<ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	<p align="center">FOR KAY POWER AND PAPER LTD.</p> <p align="center"><i>Miraj Chandra</i></p> <p align="center">(Miraj Chandra)</p> <p align="center">Chairman and Managing Director</p> <p align="center">--</p> <p align="center">--</p>



**FOR GODBOLE & COMPANY
CHARTERED ACCOUNTANTS**

Ashutosh Godbole

**PROPRIETOR
ASHUTOSH GODBOLE
MEMBERSHIP NO. 104822**

FRN :- 117969W