



Kanoi Paper & Industries Limited

**Fifteenth
Annual Report**

&

Accounts 1999-2000

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**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2000**

BOARD OF DIRECTORS

SRI J.P. KANOI, *Chairman*
SRI S.S. KOTHARI, *Director*
SRI R.K. KANOI, *Director*
SRI R.L. GAGGAR, *Director*
SRI S.K. KANOI, *Director*
SRI T.S. MUNDRA, *Director*

MANAGER

SRI K. K. ROY CHOUDHARY

COMPANY SECRETARY

SRI A. AGARWAL

AUDITORS

M/S. TIWARI & COMPANY
CHARTERED ACCOUNTANTS
107/1, PARK STREET, (2ND FLOOR)
CALCUTTA-700 016

BANKERS

BANK OF BARODA
THE BANK OF RAJASTHAN LTD.

REGISTRARS & TRANSFER AGENT

MAHESWARI DATAMATICS PVT. LTD.
6, MANGOE LANE
CALCUTTA-700 001

REGISTERED OFFICE

"HONGKONG HOUSE" (2ND FLOOR)
31, B.B.D. BAG (S), CALCUTTA-700 001
PHONE NO.: 033- 248-5488

MILLS

VILLAGE DHENKA
P.O. BOX NO: 23
BILASPUR-495 001 (M.P.)
PHONE NO.: 07752-48896

CERTIFIED TO BE TRUE COPY

for KANOI PAPER & INDUSTRIES LTD.

M. S. Agarwal
Company Secretary



NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held at the Registered office of the Company at "Hongkong House", 31, B. B. D. Bag (South), Calcutta - 700 001 on Saturday, the 30th September, 2000 at 10.00 a.m. to transact the following Business :

Ordinary Business

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2000, together with the Report of the Directors thereon.
2. To appoint a director in place of Sri J.P. Kanoi who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Sri R. K. Kanoi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors for the current year and to fix their remuneration.

Special Business

5. To consider and, if thought fit, to approve with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956, and in terms of Schedule XIII of the said Act, the Company approves of the appointment and terms and remuneration of Mr. K.K. Roy Choudhury as Manager of the Company for a period of one year with effect from 25th January, 2000 upon the terms and conditions set out in the draft agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner and as may be agreed to between the Directors and Mr. K.K. Roy Chaudhury."

6. To consider and, if thought fit, to approve with or without modification(s), the following resolution as an **Special Resolution** :-

"RESOLVED pursuant to section 81 and other applicable provisions of the Companies Act, 1956 and subject to such approvals, consents, permissions and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI), and/or any other authorities or institutions as may be relevant, the Board of Directors of the Company (hereinafter called "The Board" which shall include any committee constituted/ to be constituted by the Board for exercising the powers conferred on the Board by this resolution) be and is hereby authorised to offer/ issue and allot Equity / Cumulative / Non-Cumulative Preference Shares, Fully / Partially Convertible Bonds / Debentures and other instruments / securities in the nature of shares / Debentures / Bonds, Securities, Warrants convertible into shares along with any such securities to the Financial Institutions / Mutual Funds / Banks / Insurance Companies / Bodies Corporate / Non Resident Indians (including Overseas Corporate Bodies (OBC's) substantially owned by (NRI's) / Indian Residents / Promoters and / or their Associates, such other equities as may be decided by the Board through Prospectus, Offering Letter, Circular, or through any other mode on private placement, preferential basis as the case may be from time to time in one or more tranches, as may be deemed appropriate by the Board for an amount not exceeding Rs. 5.00 crores on such terms and conditions including pricing as the Board in its sole discretion decide."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilisation of the issue proceeds as it may



deem fit."

Calcutta, 23rd August, 2000

Registered Office,
31, B.B.D. Bag (South),
Calcutta-700 001

By Order of the Board
For, **Kanoi Paper & Industries Limited**

A. AGARWAL
Company Secretary

Notes :

1. The Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956 relating to the Special Business item no. 5 & 6 is annexed herewith.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy and the proxy need not be a member of the Company.
3. The Proxy form must be deposited at the registered office of the Company not less than 48 hours before the scheduled hour of commencement of the meeting.
4. Members/Proxies should bring their attendance slips duly filled in for attending the meeting.
5. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting as the copies of the report will not be circulated at the meeting.
6. The Register of Members and Share Transfer Registers of the Company will remain closed from 16th September, 2000 to 30th September, 2000 (both days inclusive).
7. Shareholders holding shares in identical order of names in more than one folio are requested to write the Company at its Registered Office to enable the Company to consolidate their holdings in one folio.
8. The Company has transferred the unclaimed dividend to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956, for and upto the financial year 1994-95. Members who have so far not claimed or collected their dividends for the aforesaid financial year may claim their dividends from the Registrar of Companies, West Bengal by submitting an application in the prescribed form.
9. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his request to the Company at least 7 days prior to the Meeting so that the required information can be made available at the Meeting.

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

ITEM No.5 :

- A) Mr. K.K. Roy Chaudhury was appointed as Manager (Project & Development) of the Company from 3rd January, 2000. The Board at its meeting held on 25th January, 2000 appointed Mr. K.K. Roy Choudhury as Manager of the Company for a period of one year with effect from 25th January, 2000 subject to the approval of the shareholders.
- B) Mr. K.K. Roy Chaudhury is M.S. in Pulp and Paper Technology from Technical University of Norway. He has joined the services of the Company as Manager (Project & Development) and was appointed as Manager of the Company by the Board in its meeting held on 25th January, 2000.
- C) The draft Agreement between the Company and Mr. K.K. Roy Chaudhury contains the main terms & conditions.



Salary : Rs. 9,300/- per month.
 Conveyance: Rs. 1,000/- per month with effect from 3rd January, 2000.
 Ex. Gratia : Ex. Gratia of maximum 20% of the above mentioned salary with effect from 3rd January, 2000.

PERQUISITIES :**CATEGORY - A**

Medical : Reimbursement of Medical expenses incurred for self and family equal to one month salary.
 Leave Travel Allowance : Reimbursement of Leave Travel expenses incurred for self and family as per Company Rules.

CATEGORY - B

Provident Fund : Contribution to Provident Fund to the extent not taxable under Income Tax Act, 1961 subject to a ceiling of 12% of salary.

CATEGORY - C : Encashment of leave as per Company Rule.

- D) In compliance with the provisions of Section 387 of the Companies Act, the terms and remuneration specified above are now being placed before the members in General Meeting for their approval.
- E) The draft Agreement between the Company and Mr. K.K. Roy Choudhury is available for inspection by the members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day of the Company.

ITEM NO. 6

The Company intends to substitute high cost debts with the above securities issue. This will reduce the finance cost of the Company in mid/long term and the Company will be able to finance its working capital requirements through long term resources.

In the likelihood of the issue underwritten or subscribed by one or a few select group of investors, which may include companies in Paper Industry / Financial institutions / Mutual Funds / Banks / Insurance Companies / Bodies Corporate / Non- Resident Indians (including Overseas Corporate Bodies (OBC's) substantially owned by (NRI's) / promoters and/or their associates or by resident Indians, the Company has been advised that the offer of such instruments/securities to the select group of investors may attract the provisions of the SEBI/RBI Guidelines on preferential issues. Hence, the Company proposes the Special Resolution as mentioned in the item no. 6 of this Notice which will give adequate flexibility to the Company through its Board in making the above instruments / securities offer subject however to the aggregate of all such offers shall not exceed Rs. 5.00 crores either to the investors at large or to select group of investors.

The detailed terms and conditions for the offer will be determined in consultation with the Lead Managers, Advisors, Underwriters and/or such other agencies to the issue. Wherever necessary and applicable the pricing of the issue will be done in accordance with the applicable guidelines of SEBI, RBI and other relevant authorities, in force.

The Board of Directors of the Company are in any way concerned or interested in the resolution.

None of the directors of the Company are in any way concerned or interested in the resolution.

Calcutta, 23rd August, 2000
Registered Office,
 31, B.B.D. Bag (South),
 Calcutta-700 001

By Order of the Board
 For, **Kanoi Paper & Industries Limited**

A. AGARWAL
 Company Secretary

**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors present the Fifteenth Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2000.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	1999-2000	1998-1999
Total Turnover and other receipts	2321.03	2634.85
Profit / (Loss) before Interest and Depreciation	(46.91)	26.36
Less : Interest	196.06	180.91
Profit/(Loss) Before Depreciation	(242.96)	(154.55)
Less : Depreciation	NIL	1.96
Profit /(Loss) Before Tax	(242.96)	(156.51)
Less : Provision for taxation	NIL	NIL
Profit /(Loss) After tax	(242.96)	(156.51)
Add : Transfer from General Reserve	94.00	156.51
Balance carried to Balance Sheet	(148.96)	NIL

REVIEW OF OPERATIONS

The performance of your Company during the year 1999 - 2000 has been adversely affected in comparison to the previous year due to sluggish market conditions, continuous recessionary trend and increase in the prices of basic raw materials. As a result of which the company was not in a position to meet the target level of production and sales.

However, upward revision of Excise Duty on two occasions during the year from 5% to 8% in March 1999 and again from 8% to 16% in March 2000 aggravated the operating profit of the company as the market was not in a position to absorb the rise in the price due to increase in Excise Duty. During the year under review the operations have resulted in a cash loss of Rs. 238.00 Lacs. Depreciation amounting to Rs. 98.61 lacs has not been provided in the books of accounts of the Company (previous year Rs. 91.47 lacs)

The Company did not export paper during the year.

DEPOSITS

Your Company is complying with the provisions of Companies (Acceptance of Deposits) Rules, 1975 and other applicable provisions of the Companies Act, 1956.

AUDITORS' REPORT

The comments in the Auditor's Report read with notes on accounts referred to therein are self-explanatory.



DIRECTORS

Sri J.P. Kanoi and Sri R. K. Kanoi, Directors of Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

MANAGER

Sri B K Puri Chief Executive designated as Manager resigned with effect from 09.09.1999. Your Directors place on record their deep appreciation for the valuable services rendered by him during his tenure.

The Company has appointed Sri K.K. Roy Choudhury Manager (Project & Development) as Manager from 25th January 2000 for a period of one year subject to your approval.

DEMATERIALISATION OF SHARES

Effective from 25th September, 2000, SEBI had made it compulsory for Investors to trade in the shares of the Company in Dematerialised form. The Company therefore proposes to enter into tripartite agreements with both National Securities Depository Limited (NSDL) and Central Depository Securities Limited (CDSL) and join the Depository System to facilitate scripless trading. The necessary changes in the Articles of Association of the Company in this regard have already been done subsequent to approval in last Annual General Meeting of the Company. The investors are advised to take benefit of scripless trading.

CORPORATE GOVERNANCE The Securities and Exchange Board of India has issued a comprehensive code on Corporate Governance. The code is required to be implemented on or before 31st March, 2002.

YEAR Y2K COMPLIANCE Your company has successfully managed Y2K transition without any disruption and rollover to the new millennium in a smooth manner.

AUDITORS

M/s. Tiwari & Company, Chartered Accountants, Auditors of the company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956

The particulars are stated in Annexure - I hereto.

ADDITIONAL INFORMATION

As regards disclosure under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 a statement showing particulars of Research and Development, Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is annexed and marked as Annexure II.

ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central and State Government Agencies, Financial Institutions, Banks, Investors and all those associated with the Company during the year under review.

Calcutta, 23rd August, 2000

On behalf of the Board
J. P. KANOI
 Chairman