



Kanoi Paper & Industries Limited

16th
Annual Report
&
Accounts 2000-2001

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**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2001****BOARD OF DIRECTORS**

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

MANAGER

SRI K. K. RAY CHAUDHURI

COMPANY SECRETARY

SRI A. AGARWAL

AUDITORS

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

BANKERS

BANK OF BARODA
THE BANK OF RAJASTHAN LTD.

REGISTRARS & TRANSFER AGENT

MAHESWARI DATAMATICS PVT. LTD.
6, MANGOE LANE
KOLKATA - 700 001
PHONE : 033 - 243-5029

REGISTERED OFFICE

"HONGKONG HOUSE" (2ND FLOOR)
31, B.B.D. BAG (S), KOLKATA - 700 001
PHONE : 033 - 248-5488

MILLS

VILLAGE DHENKA
BILASPUR-495 001 (CHHATTISGARH)
PHONE : 07752 - 48896

Report



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NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Sixteenth 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), Kolkata - 700 001 on Saturday, the 29th September, 2001 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, 2001, together with the Directors Report thereon.
2. To appoint a director in place of Sri T. S. Mundra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Sri S. K. Kanoi who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise Board 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 hereby approves of the re-appointment and terms and remuneration of Mr. K. K. Ray Chaudhuri as Manager of the Company for a period of one year with effect from 25th January, 2001 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. Ray Chaudhuri."

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 may 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."

Kolkata, The 29th August, 2001

Registered Office :

31, B. B. D. Bag (South),
Kolkata - 700 001

By Order of the Board
For **Kanai 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 25th September, 2001 to 29th September, 2001 (both days inclusive).
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995, have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A. J. C. Bose Road, Kolkata-700 020 by submitting an application in Form No. II.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years from the date the same became due for payment shall be transferred to the Investor Education and Protection Fund.
8. Members who hold shares in dematerialised form are requested to bring their Depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
9. The members are aware that their Company's shares are under Compulsory Demat Trading with effect from 25th September, 2000 for all the investors, hence they may utilise this facility.
10. 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. Ray Chaudhuri was appointed as Manager, designated as Manager (Project & Development) of the Company from 25th January, 2000. The Board at its meeting held on 31st January, 2001 re-appointed Mr. K. K. Ray Chaudhuri as Manager of the Company for a period of one year with effect from 25th January, 2001 subject to the approval of the shareholders.
- B) Mr. K. K. Ray Chaudhuri 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. Ray Chaudhuri contains the main terms & conditions.
- | | | |
|------------|---|--|
| Salary | : | Rs. 9,300/- per month. |
| Conveyance | : | Rs. 1,000/- per month. |
| Ex. Gratia | : | Ex. Gratia of maximum 20% of the above mentioned salary. |

PERQUISITIES:**CATEGORY - A**

- Medical : Reimbursement of Medical expenses incurred for self and family equal to one month salary.
- Leave Travel : 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. Ray Chaudhuri 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 being fully underwritten or subscribed by one or a few selected 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 selected 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 selected 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, therefore, recommend the resolution for your approval.

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

Kolkata, The 29th August, 2001

Registered Office :

31, B. B. D. Bag (South),
Kolkata - 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 Sixteenth Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2001.

FINANCIAL HIGHLIGHTS

| | 2000-2001 | (Rs. in Lacs) 1999-2000 |
|--|-----------|----------------------------|
| Total Turnover and other Receipts | 2911.24 | 2321.03 |
| Profit / (Loss) before Interest and Depreciation | 100.44 | (46.91) |
| Less : Interest | 140.46 | 196.06 |
| Profit / (Loss) Before Depreciation | (40.02) | (242.96) |
| Less : Depreciation | 97.69 | NIL |
| Profit / (Loss) Before Tax | (137.71) | (242.96) |
| Less : Provision for taxation | NIL | NIL |
| Profit / (Loss) After tax | (137.71) | (242.96) |
| Add : Balance brought forward from previous year | (148.96) | NIL |
| Add : Transfer from General Reserve | NIL | 94.00 |
| Balance carried to Balance Sheet | (286.67) | (148.96) |

REVIEW OF OPERATIONS

The performance of your Company has improved during the year 2000-2001 in comparison to the preceding year 1999-2000. Your Company has recorded a production and sales increase of more than 13% and 12% respectively in quantity terms. The production and sales have gone up from 8425 MT and 8548 MT to 9525 MT and 9641 MT respectively during the year 2000-2001 in comparison to the year 1999-2000.

The operation of the Company has resulted in a loss of Rs. 40.02 lacs during the year 2000-2001 in comparison to a loss of 242.96 lacs during the year 1999-2000. Your Company has provided for depreciation amounting to Rs. 97.69 lacs during the year.

Due to continuous losses, the peak networth of the Company has been substantially eroded. A report is being separately circulated among the members for their consideration.

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 T. S. Mundra and Sri S. K. Kanai, Directors of Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

During the year under review, Sri R. L. Gaggar resigned from the Directorship of the Company. The Board wishes to place on record its deep appreciation for the valuable contribution made by him during his tenure with the Company.

**MANAGER**

The Company has re-appointed Sri K. K. Ray Chaudhuri, Manager (Project & Development) as Manager from 25th January, 2001 for a period of one year subject to your approval.

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.

AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

- a) In the preparation of annual accounts, the applicable accounting standards have been followed ;
- b) The directors have selected such accounting policies as mentioned in Schedule 21 of the annual accounts and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that period ;
- c) 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 your Company and for preventing and detecting fraud and other irregularities, and
- d) The Annual Accounts have been prepared on a going concern basis.

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.

Your Directors look forward to the future with confidence.

Kolkata,
29th August, 2001

On behalf of the Board

J. P. KANOI
Chairman