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Kanoi Paper & Industries Limited

**17th
Annual Report
&
Accounts 2001-2002**

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1 P P Kanoi Paper & Industries Ltd

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ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2002

BOARD OF DIRECTORS

SRI J. P. KANOI, *Chairman*
SRI R. K. KANOI, *Director*
SRI S. K. KANOI, *Director*
SRI T. S. MUNDRA, *Director*
SRI P. MOHTA, *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 - 243-5809

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

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TO THE SHAREHOLDERS

NOTICE is hereby given that the Seventeenth 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 28th September, 2002 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, 2002, together with the Report of the Directors.
2. To appoint a director in place of a Director retiring by rotation :
Sri J. P. Kanoi, Director, retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration. The present auditors, M/s Tiwari & Co., Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Special Business :

4. To consider and, if thought fit, to adopt the following resolutions :-

"RESOLVED THAT Sri P. Mohta, an additional director of the Company, appointed on 6.8.2002, who holds office as a director upto the date of the meeting, and in respect of whom notices have been received from members pursuant to Section 257 of the Companies Act, 1956, proposing his appointment as a director, be and is appointed a director."

"RESOLVED FURTHER THAT Sri P. Mohta, a whole time executive of the Company, bearing designation of Chief Executive (Mill Operations) be treated as a whole time director of the Company, with effect from the date of his appointment as a director by the Annual General Meeting aforesaid and that following terms of his appointment be and are approved."

- (1) He shall hold office as a whole time director for a period of five years or till he ceases to be in the employment of the Company, whichever period expires earlier.
 - (2) On his ceasing to be in the employment of the Company, he shall be deemed to have vacated his office as a director.
 - (3) During the aforesaid period of his appointment, he shall be liable to retire by rotation.
 - (4) His present remuneration shall be as follows :-
 - (a) Salary : Rs. 30,000/- p.m.
 - (b) Perquisites and benefits : As applicable to senior officers of the Company.
 - (5) The Board of Directors shall be authorised to revise his remuneration from time to time, provided that the remuneration package shall be within the limits specified in Schedule XIII of the Companies Act, 1956."
5. To consider and, if thought fit, to adopt the following resolution :-

"RESOLVED THAT re-appointment of Sri K. K. Ray Chaudhuri as Manager of the Company for a period of one year with effect from 25th January, 2002 on following terms be and are approved :-

 - (1) Designation : Manager (Project & Development)
 - (2) Remuneration :-
 - (i) Salary : Rs. 9,300/- p.m.
 - (ii) Conveyance Allowance : Rs.1,000/- p.m.
 - (iii) Ex. Gratia and bonus : Upto a maximum 20% of the salary.
 - (iv) Perquisites and benefits : As applicable to other senior officers of the Company.
 - (v) Overall remuneration package not to exceed limits specified in Schedule XIII of the Companies Act, 1956.

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6. To consider and, if thought fit, to adopt the following resolution as a Special Resolution :-

"RESOLVED THAT consent of the members be and is given for issue and allotment of convertible debentures or redeemable preference shares or equity shares of the value of Rs. 20,00,000/- (Twenty Lacs) to the promoter group whom the bankers of the Company insist upon inducting in the Company Rs. 20,00,000/- as additional funds as a condition of considering the Company's request for increasing Working Capital Credit Limits, such issue to be made at such time(s) and on such terms as the Board of Directors of the Company shall think fit and proper and the same shall be subject to compliance with requisite consents under listing agreement and SEBI guidelines."

7. To consider and, if thought fit, to adopt the following resolution as a Special Resolution :-

"RESOLVED THAT Articles of Association of the Company shall be altered as follows :-

1. In Article 11, Clause (1) :-

(i) Sub-clause (b) shall be substituted by the following :-

"Several certificates, each one in marketable lot as may be prescribed by the Stock Exchange for shares held in physical form."

(ii) Sub-clause (c) shall be deleted.

2. In Article 35 :-

The portion of sentence beginning with the words "where no notice....." and upto the words "give notice and" shall be deleted.

3. In Article 47B, in clause 3) following shall be inserted at the end after first paragraph of the clause :-

"The provisions of clause 3) of Article 40 shall mutatis mutandis apply to the issue of share certificates on rematerialisation under this article."

Kolkata, The 6th August, 2002

Registered Office :

31, B. B. D. Bag (South),

Kolkata - 700 001

By Order of the Board
For Kanoil 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 nos. 4, 5, 6 & 7 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 23rd September, 2002 to 28th September, 2002 (both days inclusive).
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed / unpaid dividends upto the Financial Year ended March 31, 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

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forward their claims in prescribed Form No. 11 to the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to :-

Office of Registrar of Companies
Nizam Palace
Ind MSO Building,
234 / 4 AJC Bose Road,
Kolkata - 700 020.
West Bengal.

Shareholders are hereby informed that after the amendment of the Companies Act, 1956, w.e.f. October 31, 1998, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("the Fund") established by the Central Government. In accordance with Section 205C of the Companies Act, 1956, no claim shall lie against the Company or Fund in respect of individual accounts of dividends remaining unclaimed or unpaid for a period of seven years from the dates they become first due for payment and no payment shall be made in respect of any such claims.

Members who have not yet encashed their dividend warrant(s) for the Financial Year ended March 31, 1996, are requested to make their claims to the Company accordingly, without any delay.

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. 4 : Appointment of and remuneration payable to Sri P. Mohta, Director :-

- The resolution is self explanatory and comprehensive. None of the directors, except Sri P. Mohta, is concerned or interested in the passing of the resolution. The appointment and remuneration payable to the above director may be deemed to be disclosed pursuant to Section 302 of the Companies Act, 1956 by this notice.

ITEM No. 5 : Appointment of and remuneration payable to Sri K. K. Ray Chaudhuri, Manager :-

Sri K. K. Ray Chaudhuri's appointment as Manager of the Company pursuant to Section 269 of the Companies Act, 1956 and his remuneration were approved in last Annual General Meeting for the period upto 25.1.2002. The Board of Directors re-appointed Sri K. K. Ray Chaudhuri for next one year as manager subject to your approval. He thus holds this office upto 24.1.2003.

The resolution is explicit and self-explanatory. None of the directors is interested or concerned in this appointment. This may be taken as disclosure for the purpose of Section 302 of the Companies Act, 1956.

ITEM No. 6 : Further Issue of Capital :-

The Company has approached Consortium of Bankers namely, Bank of Baroda and The Bank of Rajasthan Limited for additional Credit facility to enable the Company to tide over the difficulties arising out of continuing heavy losses in the past. The Bank has, as a condition for considering the request, insisted that the promoters must induct minimum Rs. 20,00,000/- in the Company as additional capital. The proposed resolution enables the Company to fulfil bank's requirement.

The shares, if issued shall be issued at par inspite of the market price showing heavy discount below par value. This will, therefore, involve a substantial sacrifice on the part of the promoter group.

None of the Directors is personally concerned or interested in the passing of the resolutions, in the sense of the resolutions bringing any benefit to them directly or indirectly. Rather it may involve sacrifice on the part of the promoter directors if they are called upon to comply to fulfil bank's conditions.

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ITEM No. 7 : Alterations in the Articles of Association :-

The proposed alternations are self explanatory. The existing clauses proposed to be altered read as follows :-

Article 11. Clause (1) :-

"Every person whose name is entered as a member in the Register of Members shall be entitled to receive within three months after allotment or within two months after the application for the registration of transfer.

- (a) one certificate for all his shares without payment.
- or
- (b) several certificates, each for one or more of his shares, upon payment of one rupee for every certificate after the first.
- (c) Several certificates to one member as directed by the Stock Exchange from time to time without any payment where the shares of the Company are listed."

Article 35 :-

"Before registering any transfer tendered for registration, the Company may, if it thinks fit, give notice by letter posted in the ordinary course to the registered holder, that such transfer deed has been lodged and that unless objection is made, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within fifteen days from the posting of such notice to him, he shall be deemed to have admitted of the validity of the said transfer. Where no notice is received by the registered holder of the Company shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Board in respect of such non-receipt."

Article 47B, Clause (3) :-

"Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities at any time opt out of a depository, if permitted by Law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security."

Article 40, Clause (3) :-

"The Board of Directors may decline to register transfer of shares by sub-dividing a share certificate into lots smaller than market lots as may be fixed by Stock Exchange where the Company's shares are listed for being traded except when required to do so by an order of a competent court or the Company Law Board or by any specific legal provision. Requests for sub-division of share certificates into smaller lots than market lot referred to above made otherwise, may also be declined."

A copy of the Articles of Association is available for inspection of the members at the registered office of the Company during working hours upto the date of Annual General Meeting.

None of the Directors is interested or concerned in the passing of the resolution.

Kolkata, The 6th August, 2002

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 Seventeenth Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

	2001-2002	(Rs. in Lacs) 2000-2001
Total Turnover and other Receipts	2735.50	2911.24
Profit / (Loss) before Interest and Depreciation	156.39	100.44
Less : Interest	153.48	140.46
Profit / (Loss) Before Depreciation	2.91	(40.02)
Less : Depreciation	97.84	97.69
Profit / (Loss) Before Tax	(94.93)	(137.71)
Less : Provision for taxation	NIL	NIL
Profit / (Loss) After tax	(94.93)	(137.71)
Less : Prior Period Expenses	37.55	* NIL
Add : Balance brought forward from previous year	(286.67)	(148.96)
Balance carried to Balance Sheet	(419.15)	(286.67)

REVIEW OF OPERATIONS

The year in retrospect was a tough one for the Indian Industry. Unfortunately, a number of events had a dampening effect on the business sentiments of the Industry, starting from 11th September, 2001 followed by an attack on Indian Parliament on 13th December, 2001 and the recent disturbance in the state of Gujarat. During this period the Company took a number of initiatives on cost reduction, which had a favourable impact on the working of the Company, although the Company continued to suffer working capital shortage due to past losses, with consequential adverse effect on quantum of production.

During the year of account, the gross turnover of the Company was lower by 6.31% at Rs. 2717.06 lacs during 2001-2002 as compared to Rs. 2899.93 lacs during 2000-2001. Still the Company has recorded a cash profit of Rs. 5.59 lacs during 2001-2002 as compared to a cash loss of Rs. 37.34 lacs during 2000-2001.

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.

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AUDITORS' REPORT

The comments in the Auditor's Report read with notes on accounts referred to therein are self-explanatory. Payment of Sales tax, Excise duty, P.F., and E.S.I. were delayed due to fund shortage arising out of past losses

DIRECTORS

Sri J. P. Kanoi, Director of Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

During the year under review, Sri S. S. Kothari 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.

Sri P. Mohta was appointed as additional Director on 6th August, 2002. Pursuant to Section 260 of the Companies Act, 1956, he holds office until the conclusion of the forthcoming Annual General Meeting. The Company has received notices in writing from members signifying their intention to propose him as Director of the Company.

MANAGER

The Company has re-appointed Sri K. K. Ray Chaudhuri, Manager (Project & Development) as Manager from 25th January, 2002 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. In terms of schedule of implementation, the code is required to be implemented on or before 31st March, 2003.

AUDITORS

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

AUDIT COMMITTEE

The term of reference of this Committee cover the matter specified for Audit Committee under clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

COMPOSITION

The Audit Committee of the Company comprises three Directors. All these Directors possess knowledge of corporate finance, accounts and company law.

The constitution of the Audit Committee is as follows :

1. Sri R. K. Kanoi : Chairman
2. Sri S. K. Kanoi : Member
3. Sri T. S. Mundra : Member

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Kanani Paper Industries Ltd.

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2002, four Audit Committee Meetings were held on April 30, 2001, August 29, 2001, October 30, 2001 and January 31, 2002.

SHAREHOLDER INFORMATION

Registered Office : 31, B.B.D.Bag, (South),
Hong Kong House, 2nd Floor,
Kolkata – 700 001.

Annual General Meeting : Date and Time : August 28, 2002 at 10.00 A.M.
Venue : Registered Office of the Company at 31, B.B.D.Bag (South)
Hong Kong House, 2nd Floor, Kolkata – 700 001.

Financial Calander :

- Financial reporting for the quarter ending June 30, 2002 : End July 2002.
- Financial reporting for the quarter ending September 30, 2002 : End October 2002.
- Financial reporting for the quarter ending December 31, 2002 : End January 2003.
- Financial reporting for the quarter ending March 31, 2003 : End April 2003.

Date of Book Closure : September 23, 2002 to September 28, 2002 (both days inclusive).

Dividend Payment Date : Not Applicable

Listing on Stock Exchanges : Equity Shares of the Company are listed on Stock Exchanges at Mumbai and Kolkata

Stock Code	: BSE, Mumbai (Physical)	–	16020
	BSE, Mumbai (Demat Segment)	–	516020
	CSE, Kolkata (Physical)	–	21021
	CSE, Kolkata (Demat Segment)	–	10021021
	NSDL / CDSL – ISIN	–	INE112CO1011

Registrar and Share Transfer Agents :

For both Physical and Demat segments : Maheswari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001
Telephone No. 243 5209 / 5809 are Registrars and Share Transfer Agents.

Share Transfer System :

The Company's Shares are in compulsory demat mode. The shares received for transfer in physical mode are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respect.