



**Kanoi Paper & Industries Limited**

Report  junction.com

**18<sup>th</sup>  
Annual Report  
&  
Accounts 2002-2003**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH, 2003****BOARD OF DIRECTORS**

SRI R. K. KANOI, *Chairman*  
SRI M. L. JALAN, *Director*  
SRI S. K. KANOI, *Director*  
SRI J. AGRAWAL, *Director*  
SRI D. KUMAR, *Executive Director and Manager*

**COMPANY SECRETARY**

SRI A. K. SANGHAI

**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**

MAHESHWARI DATAMATICS PVT. LTD.  
6, MANGOE LANE  
KOLKATA - 700 001  
PHONE : 033 - 2243-5809

**REGISTERED OFFICE**

"COMMERCE HOUSE"  
2ND FLOOR, ROOM NO. 4 & 4A  
2A, GANESH CHANDRA AVENUE  
KOLKATA - 700 013  
PHONE : 033 - 2237-9802

**MILLS**

VILLAGE DHENKA, P.O. : DARRIGHAT, MASTURI  
BILASPUR-495 001 (CHHATTISGARH)  
PHONE : 07752 - 257287



## NOTICE

### TO THE SHAREHOLDERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held at Hongkong House, 31, B. B. D. Bag (South), 2nd Floor, Kolkata - 700 001 on Saturday, the 30th August, 2003 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, 2003, together with the Report of the Directors and Auditors.
2. To appoint a director in place of a director retiring by rotation :  
Sri R. K. 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 reappointment, but the Company has received notice in writing from the said Auditors that they are unwilling to be reappointed as Statutory Auditors of the Company.

#### Special Business :-

4. To consider and, if thought fit, to adopt the following resolution as Ordinary Resolution :-

Whereas a notice has been received from the present auditors M/s. Tiwari & Co., Chartered Accountants that they are unwilling to be reappointed as Statutory Auditors of the Company hence it is proposed for appointment of M/s. Murari Agrawal & Co. in their place.

"RESOLVED THAT M/s. Murari Agrawal & Co., Chartered Accountants, Commerce House, 2A, G. C. Avenue, Room No. 4 & 4A, 2nd Floor, Kolkata - 700 013, be and are hereby appointed as the auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed upon between the said M/s. Murari Agrawal & Co. and the Board of Directors of the Company."

5. To consider and, if thought fit, to adopt the following resolution :-

"RESOLVED THAT Sri M. L. Jalan, an additional director of the Company, appointed on 24.02.2003, who holds office as an additional 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."

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

"RESOLVED THAT Sri J. Agrawal, an additional director of the Company, appointed on 24.02.2003, who holds office as an additional 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."

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

"RESOLVED THAT Sri D. Kumar, an additional director of the Company, appointed on 24.02.2003, who holds office as an additional 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 D. Kumar, bearing designation of Executive Director 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 one year 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) The appointment of Sri D. Kumar on following terms be and are hereby approved :-

Designation : Executive Director

Remuneration :-

Salary : Rs. 30,000/- p.m.

Ex. Gratia : Ex. Gratia @ 20% of the abovementioned salary.

#### PERQUISITES :

##### CATEGORY - A

Medical : Reimbursement of Medical expenses incurred for self and family equal to one month of 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 ceiling of 12% of Salary.

**CATEGORY - C** : Encashment of leave as per Company Rules.

Overall remuneration package not to exceed limits specified in Schedule XIII of the Companies Act, 1956.

- (5) Sri D. Kumar, Executive Director, has also been appointed as the Manager of the Company pursuant to section 269 of the Companies Act, 1956, for a term of one year with effect from 24.02.2003. He thus holds office upto 23.02.2004.
  - (6) The Board of Directors shall be authorised to revise the remuneration from time to time, provided that the remuneration package shall be within the limits specified in Schedule XIII of the Companies Act, 1956."
8. To consider and, if thought fit, to adopt the following resolution :-  
 "RESOLVED THAT Sri N. Jalan, an additional director of the Company, appointed on 14.07.2003, who holds office as an additional 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."
  9. To consider and, if thought fit to adopt the following resolution as an ordinary resolution:-  
 "RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and the Memorandum and Articles of Association of the Company and subject to such other consents, sanctions, permission and necessary approvals as may be required including the approval of Financial Institutions/Banks etc. from whom the Company has borrowed money or in whose favour the Company has created any mortgage/charge, consent of the Company be and is hereby accorded to the Board of Directors of the Company for spinning off by way of a slump sale, the whole or part of the business undertaking as well as assets and liabilities of the Company's following unit :  
 Kanoi Paper & Industries Ltd.  
 Bilaspur (Chhattisgarh)  
 to any person, firm, body corporate or equity for such consideration and on such terms and conditions as the Board of Directors (including Committee thereof) may consider fit and proper in the best interest of the Company and to do all acts, deeds and things as may be considered necessary and expedient in connection therewith and incidental thereto.  
 RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors or its Committee or persons authorised by the Board, be and is/are hereby authorised to finalise and execute any and all agreements and/or documents/papers necessary for effecting the aforesaid sale, lease and/or otherwise transfer etc. as aforesaid and do such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing the aforesaid resolution and to resolve any question or doubt relating thereto, or otherwise considered necessary to be in the best interest of the Company including the modification(s) as may be suggested by the concerned authorities."
  10. To consider and, if thought fit to adopt the following resolution as an ordinary resolution :-  
 "RESOLVED THAT in pursuance to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company, be and is, hereby accorded to mortgaging and/or charging by the Board of Directors of all immovable properties of the Company wherever situate, present and future, in favour of any Bank(s)/FIs/NRI's/any other Entity(s) to secure Bridge loan facility upto Rs.10 Crores (Rupees Ten Crores) lent and advanced/agreed to be lent and advanced to the company by Bank(s)/FIs/NRI's/any other Entity(s) together with the interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to the aforesaid Bank(s)/FIs/NRI's/any other Entity(s) under the Bridge Loan Agreement/Joint Deed of Hypothecation/Bridge Loan Consortium Agreement entered into/to be entered by the Company in respect of the said Bridge Loan facilities.  
 RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to finalise and to execute documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."
  11. To consider and, if thought fit to adopt the following resolution as an Ordinary Resolution :-  
 "RESOLVED THAT in supersession of all earlier resolutions passed at the Annual General Meeting, the Board of Directors be and is hereby authorised, pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, to borrow money from time to time at its discretion either from the company's bank or any other bank, financial institution or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors upto a limit not exceeding in the aggregate Rs. 15.00 crores notwithstanding that the money to be borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."
  12. To consider and, if thought fit to adopt the following resolution as a special resolution :-  
 "RESOLVED THAT the net worth of the Company has fully eroded and therefore a reference be filed with the Board for Industrial and Financial Reconstruction (B.I.F.R.) in accordance with the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, as amended, and the Board of Directors be authorized to take such steps as are necessary in the matter."



13. To consider and, if thought fit to adopt the following resolution as a special resolution :-

RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force, the Articles of the Company be and are hereby altered to the extent and in the manner set out hereunder :

After the existing Article 66, the following new Article 66A be included :

**66A. PASSING OF RESOLUTION BY POSTAL BALLOT**

Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company :

- i) Any business that can be transacted by the Company in General Meeting; and
- ii) Particularly, resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard."

14. To consider and, if thought fit to adopt the following resolution as a special resolutions :-

"RESOLVED THAT 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 alongwith any such securities to the Financial Institutions/Mutual Funds/Banks/Insurance Companies/Body Corporates/Non Resident Indians (including Overseas Corporate Bodies (OBC's) substantially owned by (NRI's)/Indian Residents/Promoters and/or their Associates, such other entities 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. 10.00 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."

Kolkata, The 14th July, 2003

**Registered Office :**

"Commerce House"

2nd Floor, Room No. 4 & 4A

2A, Ganesh Chandra Avenue

Kolkata - 700 013

By Order of the Board  
For Kanoi Paper & Industries Limited

A. K. SANGHAI  
Company Secretary

**NOTES :**

1. The Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956 relating to the Special Business Item No. 4 to 14 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 August, 2003 to 30th August, 2003 (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 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  
IInd 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**

M/s. Tiwari & Co., present auditors of the Company retires as Auditors on conclusion of the forthcoming Annual General Meeting. The Company has received a notice from M/s. Tiwari & Co. for their unwillingness to be reappointed as the auditors of the Company. Hence, it is proposed to appoint M/s. Murari Agrawal & Co. as the auditors of the Company from conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting. The Company has received a letter from M/s. Murari Agrawal & Co. that if appointed, the said appointment will be within the limits specified u/s 224 (1B) of the Companies Act, 1956. None of the Directors of the Company are interested in the aforesaid resolution. The resolution is explicit and self explanatory.

#### **ITEM No. 5, 6, 7 & 8 :**

The Board of Directors appointed Sri M. L. Jalan, Sri J. Agrawal & Sri D. Kumar as additional Directors of the Company w.e.f. 24.02.2003 and Sri N. Jalan w.e.f. 14.07.2003.

Sri M. L. Jalan is a Non Resident Indian and an Entrepreneur having wide experience and knowledge in Paper Industry and finance.

Sri J. Agrawal is a Resident Indian and an Entrepreneur having Corporate experience in the field of Management and Finance for more than 10 years. He is a Commerce Graduate from Calcutta University.

Sri D. Kumar is a Resident Indian. He has got a wide and varied industrial experience and has been associated from inception, implementation to successful operation of projects in India and abroad. Out of his total experience of 35 years, he has spent last 23 years in Paper Industry in the capacity of Chief Executive and Executive Director.

Sri N. Jalan is a Resident Indian and an Entrepreneur having wide experience and knowledge in Paper Industry and finance.

Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as "the Act") read with the Articles of Association of the Company, Sri M. L. Jalan, Sri J. Agrawal, Sri D. Kumar and Sri N. Jalan will hold office only upto the date of the forthcoming Annual General Meeting of the Company. The Company has received notices in writing from members under Section 257 of the Act, signifying their intention to propose Sri M. L. Jalan, Sri J. Agrawal, Sri D. Kumar and Sri N. Jalan for the office of Director. The appointment of Sri M. L. Jalan, Sri J. Agrawal, Sri D. Kumar and Sri N. Jalan will be beneficial to and in the interest of the Company and the Board recommends their appointment.

Sri M. L. Jalan, Sri J. Agrawal and Sri D. Kumar are interested in the resolution at item no. 5, 6 & 7 of the accompanying notice and Sri N. Jalan is interested in the resolution at item no. 8 of the accompanying notice, since it relates to their own appointment.



**ITEM No. 9 & 10**

Pursuant to the scheme of rehabilitation and revival of the Company's unit at Bilaspur, it is necessary to arrange a bridge loan from Bank(s)/FIs/NRI's/and other Entity(s). For the purpose of obtaining Bridge Loan from Bank(s)/FIs/NRI's/any other Entity(s), the prospective lender(s) may insist on creation of mortgage of its immovable properties in their favour to secure the Bridge loan, for which this resolution has been passed.

Section 293(1)(a) of the Companies Act, 1956 inter-alia provides that the Board of Directors of a Public Company shall not, without the consent of Members of such Company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company.

Since the mortgaging by the Company of the immovable and movable properties as aforesaid in favour of the above-referred FIs/NRI's/Banks/Entities may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956. None of the Directors are interested in the above resolution.

**ITEM No. 11 :**

The Board of Directors have power and authority to borrow any amount upto an aggregate of paid-up capital and free reserves of the Company. To meet the requirements for major overhauling and maintenance plans of the Company at the Paper Unit and for other payments, the erstwhile resolution is proposed by the Directors to give them the power to borrow an amount which may exceed the aggregate of the paid-up share capital and free reserves of the Company. None of the directors are interested in this resolution. The resolution is self explanatory and explicit.

**ITEM No. 12 :**

The Company has been incurring losses since the last 7 years and based on the audited Balance Sheet as on 31.03.2003, its entire net worth has been eroded. The Company has thus become a Sick Industrial Company as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, as amended. The Company is therefore, required to file a reference with the Board for Industrial and Financial Reconstruction (B.I.F.R.) to decide the steps to be taken for the revival of the Company and make its net worth positive.

**ITEM No. 13 :**

As the members are aware that the Companies Act, 1956 has been amended and new provisions dealing with Voting by Postal Ballot have been introduced. With a view to suitably incorporate the amendments made to the Companies Act, 1956 and subject to your approval new Article viz., Article No. 66A is proposed to be added to the existing Articles of Association of the Company as indicated in the resolution.

**ITEM No. 14 :**

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 Fund/Banks/Insurance Companies/Bodies Corporate/Non-Resident Indians (including Overseas Corporate Bodies (OCB's) substantially owned by (NRI's)/Promoter's 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 SEBI/RBI Guidelines on Preferential issues. Hence, the Company proposes the Special Resolution as mentioned in item no. 14 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 not exceeding Rs. 10.00 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. None of the Directors of the Company are in any way concerned or interested in this resolution.

Kolkata, The 14th July, 2003

**Registered Office :**

"Commerce House"

2nd Floor, Room No. 4 & 4A

2A, Ganesh Chandra Avenue

Kolkata - 700 013

By Order of the Board  
For **Kanai Paper & Industries Limited**

A. K. SANGHAI  
Company Secretary

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

Your Directors present the Eighteenth Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2003.

**FINANCIAL HIGHLIGHTS**

	<b>2002-2003</b>	<b>(Rs. in Lacs)</b> <b>2001-2002</b>
Total Turnover and other Receipts	<b>1391.69</b>	2735.50
Profit / (Loss) before Interest and Depreciation	<b>(411.00)</b>	156.39
Less : Interest	<b>144.12</b>	153.48
Profit / (Loss) Before Depreciation	<b>(555.12)</b>	2.91
Less : Depreciation	<b>97.93</b>	97.84
Profit / (Loss) Before Tax	<b>(653.05)</b>	(94.93)
Less : Provision for taxation	<b>NIL</b>	NIL
Profit / (Loss) After tax	<b>(653.05)</b>	(94.93)
Less : Prior Period Expenses	<b>61.01</b>	37.55
Add : Balance brought forward from previous year	<b>(419.16)</b>	(286.67)
Balance carried to Balance Sheet	<b>(1133.22)</b>	(419.15)

**REVIEW OF OPERATIONS**

During the year under review, the management of the Company was compelled to suspend the operations of the Paper Unit at Bilaspur due to labour unrest & cessation of work by the workers from 12th November, 2002 to 19th March, 2003, resulting in substantial decrease in production to 4578 MT from 8926 MT in the previous year, which has upset the Company's financial position. Besides, the above the company has undergone various changes during the year 2002-2003. From the sad demise of its Chairman Sri J. P. Kanoi to the proud induction of a Financial & Statagic Director Sri M. L. Jalan (an NRI) for the revival of the unit were the events that took place during this year. The company has undertaken mass overhauling and maintenance programs in the later part of the year under review. The unit has restarted the production with effect from 2nd May, 2003. During the current year the Company took a number of initiatives on cost reduction, which had a favourable impact on the working of the Company. With the new initiatives taken by the management for revival of the unit, it is expected that the Company would start making a turnaround in its profitability on completion of current financial year.

The figures of the year under review are not comparable with the figures of previous year, because of closure of its unit for almost the latter half of the year.

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. Payment of Sales tax, Excise duty, P. F. and E.S.I. upto March '2003 were delayed due to fund shortage arising out of past losses. As a measure of revival, the Company has approached the respective Government Authorities for installment facilities to make good the past Statutory dues, mentioned above, most of which have been accepted by the Authorities and installment facilities have been granted.

Nonetheless, the Company is regularly paying all its current statutory dues.

**DIRECTORS**

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

During the year under review, Sri J. P. Kanoi, the Chairman of the Company deceased. The Board wishes to express its profound grief at the unfortunate demise of the Chairman. The Board also wishes to place on record its deep appreciation for the valuable contribution made by him during his tenure with the Company.

During the year under review, Sri T. S. Mundra and Sri P. Mohta resigned from the Directorship of the Company. The Board wishes to





place on record its deep appreciation for the valuable contribution made by them during their tenure with the Company.

Sri M. L. Jalan, Sri J. Agrawal and Sri D. Kumar were appointed as additional Directors on 24th February, 2003 and Sri N. Jalan on 14th July, 2003. Pursuant to Section 260 of the Companies Act, 1956, they hold office until the conclusion of the forthcoming Annual General Meeting. The Company has received notices in writing from members signifying their intention to propose them as the Directors of the Company.

#### MANAGER

The Company has appointed Sri D. Kumar, Executive Director as Manager of the Company from 24th February, 2003 for a period of one year subject to your approval.

#### CORPORATE GOVERNANCE

Your Company is committed to the principles of good Corporate Governance and a report on Corporate Governance is given in the Annual Report.

#### AUDITORS

M/s. Tiwari & Company, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting. The Company has received notice from M/s. Tiwari & Co. showing their unwillingness for reappointment as the auditors of the Company. Hence, it is proposed for the members approval for appointing M/s. Murari Agrawal & Co. as the Auditors from conclusion of forthcoming Annual General Meeting to the conclusion of next Annual General Meeting.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- a) in the preparation of annual accounts, the applicable accounting standards have been followed ;
- b) the directors have selected such accounting policies 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 has been taken 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.

#### REFERENCE TO B.I.F.R.

As per Audited Accounts of the Company for the year ended 31.03.2003, the net worth of the Company has been fully eroded due to accumulated losses and the Company has become Sick Industrial Company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, as amended and a reference is to be made to Board for Industrial and Financial Reconstruction (B.I.F.R.) for determining the measures which should be adopted with respect to the Company to make the net worth positive.

#### 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,  
14th July, 2003

On behalf of the Board  
**R. K. KANOI**  
Chairman