

21st
Annual Report
2005 - 2006

Report  Junction.com

Kanoi Paper & Industries Ltd.

CONTENTS

	Page No.
Directors' Profile	02
Notice	03 - 05
Directors Report	06 - 08
Annexure to Directors' Report	09 - 10
CEO & CFO Certification	11
Management Discussion and Analysis	12 - 14
Corporate Governance Report	15 - 22
Auditors' Certificate	23
Auditors' Report	24 - 27
Balance Sheet	28
Profit & Loss Account	29
Cash Flow Statement	30
Schedules 1 to 21	31 - 40
Balance Sheet Abstract	41
Factory at a glance	42 - 43



Kanoi Paper & Industries Ltd.

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

BOARD OF DIRECTORS :

SHRI M. L. JALAN	-	Chairman
SHRI N. P. JALAN	-	Director
SHRI D. KUMAR	-	Executive Director
SHRI ANKUR JALAN	-	Director
SHRI JITENDRA AGRAWAL	-	Director
SHRI R. K. KANOI	-	Director
SHRI S. K. KANOI	-	Director

MANAGER : SHRI D. KUMAR

COMPANY SECRETARY : SHRI L. B. CHOURASIA

AUDITORS : M/S MURARI AGRAWAL & CO.
CHARTERED ACCOUNTANTS
2A, GANESH CHANDRA AVENUE
COMMERCE HOUSE, KOLKATA - 700 013
PHONE : 2236 4053

BANKERS : UTI BANK LTD.
STANDARD CHARTERED BANK.

REGISTRARS & TRANSFER AGENT : MAHESHWARI DATAMATICS PVT. LTD.
6, MANGOE LANE
KOLKATA - 700 001
PHONE : 033 - 2243 - 5029 / 5809
E-mail : mdpl@cal.vsnl.net.in

REGISTERED OFFICE : COMMERCE HOUSE
5TH FLOOR, ROOM NO. 11A
2A, GANESH CHANDRA AVENUE
KOLKATA - 700 013
PHONE : 033-2213 2932/2933 / 2663
FAX : 033 2213 2934
Email : kpilcal@vsnl.net

MILLS : VILLAGE DHENKA, P.O. : DARRIGHAT, MASTURI
BILASPUR - 495 001 (CHHATTISGARH)
PHONE : 07752- 257287/257707/257014
Email : KPIL@jalangroup.org



Kanoi Paper & Industries Ltd.

DIRECTORS'S PROFILE



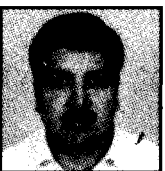
SHRI M. L. JALAN (41 years), Chairman of the Company. He is a visionary Non-resident Indian and is involved in the paper industry for a long time. His family is engaged in the paper business for the last 62 years. He is also the CEO of Agio Image Ltd. having offices in Russia, Brazil and Dubai. It is one of the leading dealers of Konica films and photographic equipments.



SHRI N. P. JALAN (45 years), Non-Executive Director of the Company is an entrepreneur having wide experience and knowledge in paper industry and finance. He has been engaged in the family business of paper for a prolonged period. He has enriched the Board with his valuable experience from time to time.



SHRI D. KUMAR (63 years), Executive Director of the Company has experience of over 25 years in the paper industry in the capacity of Chief Executive and Executive Director. His total experience is spread over 37 years. He is B.E. (Mech) from Delhi University and an M. Tech in Industrial Engineering from IIT (Kharagpur).



SHRI ANKUR JALAN (37 years), Non-Executive Director of the Company. He has wide experience in the paper industry and finance. He is involved in extending his valuable inputs so far as the sales and marketing are concerned.



SHRI JITENDRA AGRAWAL (38 years), Non-Executive & Independent Director of the Company. He is an entrepreneur having experience in the field of management and finance for over 12 years. He is an expert in corporate strategy framing.



SHRI R. K. KANOI (58 years), Non-Executive & Independent Director of the Company. He is an entrepreneur and a pioneer in the tea industry. He is involved in the paper industry for more than 17 years.



SHRI S. K. KANOI (46 years), Non-Executive & Independent Director of the Company. He is an entrepreneur having experience in the tea industry for more than 22 years and that in the paper industry for more than 12 years.



Kanoi Paper & Industries Ltd.

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of the Company will be held at Auditorium of Bengal National Chamber of Commerce & Industry, Bengal National Chamber House, 23, R. N. Mukherjee Road, Kolkata – 700 001 on Saturday, the 29th July, 2006 at 11:00 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 2006, together with the Report of the Directors and Auditors.
2. To appoint directors in place of directors retiring by rotation.
Shri M.L. Jalan, director retires by rotation and being eligible, offers himself for re-appointment.
Shri N. P. Jalan, director retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration. The present auditors, Murari Agrawal & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment but the Company has received in writing from the Auditor stating that they are unwilling to be reappointed as Statutory Auditor 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 auditor M/s Murari Lal Agrawal & Co., Chartered Accountants that they are unwilling to be reappointed as Statutory Auditor of the Company, hence it is proposed to appoint M/s Singhi & Co. as Statutory Auditor of the Company in their place.

"RESOLVED that M/s. Singhi & Co., Chartered Accountants, "Emerald House", 4th Floor, 1B, Old Post Office Street, Kolkata - 700 001 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 Singhi & Co. and the Board of Directors of the Company."

5. To consider and if thought fit to pass, with or without modification the following resolution as Ordinary Resolution:-

"RESOLVED that pursuant to Section 16, 94 and other applicable provisions if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from Rs. 17,00,00,000 (Rupees Seventeen Crores only) divided into 92,50,000 (Ninety Two Lacs Fifty Thousand) equity shares of Rs. 10/- (Rupees Ten) and 7,75,000 (Seven Lacs Seventy Five Thousand) 10% Non-cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each to Rs. 17,25,00,000 (Seventeen Crores Twenty Five Lacs only) divided into 92,50,000 (Ninety Two Lacs Fifty Thousand) equity shares of Rs. 10/- (Rupees Ten) each and 8,00,000 (Eight Lacs) 10% Non-cumulative Redeemable Preference Shares of Rs. 100/- (Rupees Hundred) each.

RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following:

"The Share Capital of the Company is Rs. 17,25,00,000/- divided into 92,50,000 Equity Shares of Rs. 10/- each and 8,00,000 10% Non-cumulative Redeemable Preference Shares of Rs. 100/- each ranking pari passu with right privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the Capital for the time being in to several classes in accordance with the regulations of the Company and to vary, modify or abrogate any such rights privileges or conditions in such manner as may for the time being be provided by the regulation of the Company."

6. To consider and if thought fit to pass, with or without modification the following resolution as Special Resolution:-

"RESOLVED THAT pursuant to section 80, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or reenactment thereof), the relevant provisions of the Memorandum and Articles of Association of the Company 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 authorized to offer/issue and allot Redeemable/Convertible Preference Shares (cumulative / non-cumulative) or any other type of preference shares, to the Financial Institutions/Mutual Funds/Banks/Insurance Companies/Body Corporates/Non Resident Indians including Overseas Corporate Bodies (OBCs) substantially



Kanoi Paper & Industries Ltd.

owned by Non Resident Indians/Indian Residents/ Promoters and/or their Associates, such other entities as may be decided by the Board through prospectus, offer 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. 8 crores (Rupees Eight Crores only), exclusive of such premium as may be fixed on the said securities and on such terms and conditions including pricing (cash/ other than cash) 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 authorized 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 utilization of the issue proceeds as it may deem fit."

To consider and if thought fit to pass with or without modification, the following resolution which will be proposed as an Ordinary Resolution:-

'RESOLVED that in supersession of Resolution No. 6 passed at the 20th Annual General Meeting of the Company held on 29th August, 2005 and pursuant to section 293(1)(d) of the Companies Act, 1956, and all other enabling provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum of money, which, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of the money so borrowed by the Board shall not at any time exceed the limit of Rs. 20,00,00,000/- (Rupees Twenty Crores)."

Kolkata, The 24th June 2006.

Registered Office:

Commerce House
A, Ganesh Chandra Avenue, 5th Floor
Room No. 11A, Kolkata – 700 013.

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

(L.B.CHOURASIA)
Company Secretary

Notes:

The Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956 relating to the Special Business Item no. 4 to 7 is annexed herewith.

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.

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 i.e. **by 11:00 A. M. on 27th July, 2006**.

Members/Proxies should bring their attendance slips duly filled in for attending the meeting.

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.

The Register of Members and Share Transfer Registers of the Company will remain closed from 23rd July, 2006 to 29th July, 2006 (both days inclusive).

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 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.

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.

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 10 days prior to the Meeting so that the required information can be made available at the Meeting.

Shri M. L. Jalan and Shri N. P. Jalan, Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. As required under the Listing Agreement, the information/data to be provided for these Directors are given in the Corporate Governance Section of this Annual Report.



Kanoi Paper & Industries Ltd.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

ITEM No. 4

M/s Murari Lal Agrawal & Co., present auditors of the Company retires as Auditor on conclusion of the forthcoming Annual General Meeting. The Company has received a notice from M/s Murari Lal Agrawal & Co. for their unwillingness to be reappointed as the auditors of the Company. Hence, it is proposed to appoint M/s Singhi & Co. as auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. The Company has received a letter from M/s Singhi & Co. that if appointed, the said appointment will be within the limits specified u/s 224 (1B) of the Companies Act, 1956.

Memorandum of Interest

None of the Directors of the Company are interested in the aforesaid resolution.

ITEM No. 5

The new promoters made substantial quantum of investment in the Company after the take over of the management. This investment was made by way of unsecured loan and is lying with the Company. The Company's net worth was completely eroded before the takeover and a reference was made to Board for Industrial and Financial Reconstruction of India (BIFR) in 2003 pursuant to section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 in this respect. Hearing was held by BIFR in May, 2006 and the Company has been declared as a 'sick industrial company' by BIFR pursuant to section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company intends to convert the aforementioned unsecured loan to 10% Non-cumulative Redeemable Preference Shares in its pursuit to make the net worth of the Company positive. Increase in the Authorised Share Capital of the Company is accordingly needed to accommodate the increased paid-up capital. In this regard there will be consequential amendment in the Clause No. V of the Memorandum of Association of the Company.

Memorandum of Interest

The directors who are the promoters of the Company may be deemed to be interested in the resolution. None of the other directors are interested in the proposed resolution.

The Board recommends the resolution for your approval.

ITEM No. 6

As stated above in Item No. 5, the Company is planning to issue 10% Non-cumulative Redeemable Preference Shares. In the likelihood of the above issue being subscribed by one or a few selected group of investors, which may include Promoters and/or their Associates or by Resident Indians, Companies, Bodies Corporates, Non-Resident Indians (NRIs) including Overseas Corporate Bodies (OCBs) substantially owned by NRIs. The Company has been advised that the offer of such instruments/securities to the selected group of investors may attract the provisions of SEBI/RBI guidelines on preferential issues. Hence the Company proposes the Special Resolution which will give adequate flexibility to the Company in making the above instruments/securities offer however subject to the aggregate of all such offers not exceeding Rs. 8 crores (Rupees Eight Crores only) either to the investors at large or to selected group of investors.

The detailed terms and conditions for the offer will be determined by the Board on its discretion as it may think fit and appropriate at the time of issue or allotment. Wherever necessary and applicable, the compliances of the issue will be done in accordance with the applicable guidelines of SEBI, RBI and other relevant authorities, in force.

Memorandum of Interest

The directors who are the promoters of the Company may be deemed to be concerned or interested in the resolution to the extent of securities issued and allotted if any, to the promoters, their friends, relatives, associates and associated companies. None of the other directors are interested in the given resolution.

The Board recommends the resolution for your approval.

ITEM No.7

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot except with the consent of the Company in general meeting, borrow money apart from the temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for specific purpose.

At Annual General Meeting of the Company held on 29th August, 2005, the shareholders had authorized the Board of Directors to borrow money upto Rs. 15 Crores (Rupees Fifteen Crores) at any time notwithstanding that the borrowing will be in excess of the aggregate of the paid-up capital of the Company and its free reserves. Additional funds may be required due to increase in production, major overhauling and maintenance expenses, new projects and other requirements. Such increase in expenses may invoke the necessity to make larger amount of borrowing. Accordingly, the sanction of the shareholders under section 293(1)(d) of the Act is being requested to enable the Directors to borrow money to the extent of Rs. 20 (Rupees Twenty Crores) in supersession of the earlier resolution passed on 29th August, 2005.

Memorandum of Interest

None of the directors is interested in the given resolution.

The Board recommends the resolution for your approval.

Kolkata, The 24th June, 2006.

Registered Office,
Commerce House, 5th Floor, R. No. 11A
2A, Ganesh Chandra Avenue,
Kolkata - 700 013.

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

(L. B. CHOURASIA)
Company Secretary



Kanoi Paper & Industries Ltd.

DIRECTORS' REPORT

TO THE MEMBERS of KANOI PAPER & INDUSTRIES LTD.

Your Directors are pleased to present the twenty first Annual Report together with the Audited Accounts for the year ended March 31st, 2006.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	2005-2006	2004-2005
Gross Turnover and other receipts	3611.79	3373.15
Profit / (Loss) before Interest and Depreciation	306.17	174.28
Less : Interest	47.90	39.46
Profit/(Loss) Before Depreciation	258.27	134.82
Less : Depreciation	104.64	102.02
Profit /(Loss) Before Tax	153.62	32.80
Less : Provision for taxation	NIL	NIL
Less: Fringe Benefit Tax	1.27	NIL
Profit /(Loss) After tax	152.35	32.80
Add : Balance brought forward from previous year	(1090.50)	(1123.30)
Balance carried to Balance Sheet	(938.14)	(1090.50)

REVIEW OF OPERATIONS

The performance of your Company in the year 2005-06 has strengthened the turn around story under the captaincy of the new management. The highlights of the story are as follows:

- Gross Turnover during the year has been recorded at 3561.22 lacs as against 3347.93 lacs.
- Net Profit increased from Rs. 32.80 lacs to Rs. 153 lacs.
- Production during the year was registered at 11,002 M. T.
- Sales during the year has been recorded at 11452 M. T.
- Good response has been received from the market in regard to colour printing, azure laid paper and line-o-matic paper produced.

Your Directors have not recommended any dividend in consideration of the past losses.

AUDITORS

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

The Certificate of the Statutory Auditors, M/s. Murari Agrawal & Co. confirming compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed.

Pursuant to directions received from the Central Government, M. Pal & Associates has been appointed as the Cost Auditor of the Company to audit the Cost Accounts of the Company for the year ended 31st March, 2006.

DIRECTORS

In accordance with Section 256 of the Companies Act, 1956 and Article 75 of the Articles of Association of the Company, Shri M. L. Jalan and Shri N. P. Jalan, Directors of your Company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.



Kanoi Paper & Industries Ltd.

CORPORATE GOVERNANCE

A separate section titled "Corporate Governance" including a certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed hereto and forms part of the Report. The conditions stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges for maintaining effective governance practices, has been complied with.

INTERNAL CONTROL SYSTEM

Adequate internal control system has been established and is maintained in various areas. The existing set up of the internal control system is commensurate with the size of the company's operations and nature of its business. Your Company has emphasized upon the importance of effective internal control and has increased the focus.

FINANCE

There has been considerable improvement in the financial sector. During the year under review, your Company has repaid entire portion of loan outstanding to the Bank of Rajasthan and housing loan taken from SBI Home Finance approved under OTS. Further, the Company has also paid substantial portion of the amount due to the Bank of Baroda pursuant to the OTS proposal. Presently your Company is almost a secured debt free company. The entire amount of loan due to the Bank of Baroda, India Exchange Place Branch has been paid off in May, 2006.

INSURANCE

Your Company has taken adequate guard against the unforeseen and accidents. Sufficient insurance coverage has been obtained w.r.t. the raw materials, finished goods and all assets of the Company.

SOCIAL RESPONSIBILITY

No success or achievement in material terms is worthwhile unless it serves the need or interest of the society and its people and is achieved by fair and honest means.

Your Company has been actively participating in the promotion of social welfare activities of the community in the factory welfare by providing medical check up, free medical camps etc. Besides, generous contributions have been made towards several social causes. Social responsibility has been always in the priority list of your Company. Social projects are undertaken on the villages in the hinterland. The main efforts made during the year under review include the followings:

☐ **Health & Medical Care**

- Maintenance of dispensary outside the mill with allopathic and homeopathic treatment.
- Provision of services of specialist doctors.
- Free supply of medicines.
- Weekly medical camp for pregnant women for pre and post natal health care
- Hepatitis B vaccination done to 700 students of "Navodaya Vidyalaya" located at Malhar village of Bilaspur district.

☐ **Drinking Water & Sanitation**

- Borewells have been provided to nearby villages.

☐ **Literacy Development Programme**

- Application being made to government for allotment of five acres of land to start a modern school with necessary infrastructure

☐ **Sports & Entertainments**

- Arrangement of different tournaments like football, kabaddi etc. in nearby villages and adoption of several entertainment measures for the residents thereof.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provision of Section 217 (2AA) 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 and there has been no material departure.



Kanoi Paper & Industries Ltd.

- b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company as at 31st March, 2006 and the Profit and Loss Account of your Company for the year ended on that date.
- 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.

B.I.F.R.

As you are aware that your Company's net worth was completely eroded in 2003 and a reference to that effect was made to Board for Industrial and Financial Reconstruction of India (BIFR) in July, 2003 pursuant to section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Hearing was held by BIFR in 9th May, 2006. Your Company has been declared as a 'sick industrial company' by BIFR pursuant to section 3(1)(O) of SICA. IDBI has been appointed as the Operating Agency (OA) and was directed by the BIFR to prepare a viability study report and revival scheme for your Company. The OA is required to give its report alongwith its recommendations and draft of any viable scheme prepared by it for revival of your Company.

FACTORY VISIT

During the year under review your Company had arranged a factory visit for its shareholders. The group of 10 (ten) shareholders were selected on the basis of fairly conducted lottery held on November, 2005 out of the applications received. The visit to the factory site was held on December, 2005. Your Company values its shareholders and sincerely considered the suggestions and representations made by them consequent upon the factory visit.

INDUSTRIAL RELATIONS

The industrial relations continue to be generally peaceful and cordial. The performance of the Company during the year could be made encouraging by virtue of the concerted effort of the manpower. Your Company has treated its employees as the pillars of its success. There is a constant endeavour to translate the hardwork of the employees to performance. Consistent efforts and initiatives have been taken to train and upgrade the employees to make them multi-skilled, to establish cross-functional team based working and employee empowerment.

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

The particulars are stated in Annexure - I hereto.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, is given in the Annexure - II hereto

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation to the Banks, Central and State Government Agencies and their valued investors for their continued co-operation and support.

Your Directors also take this opportunity to acknowledge the dedicated efforts made by the workers, staffs and officers at all level for their contribution to the success achieved by the Company.

On behalf of the Board

M.L. JALAN

Chairman

Kolkata

24th June, 2006