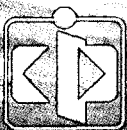
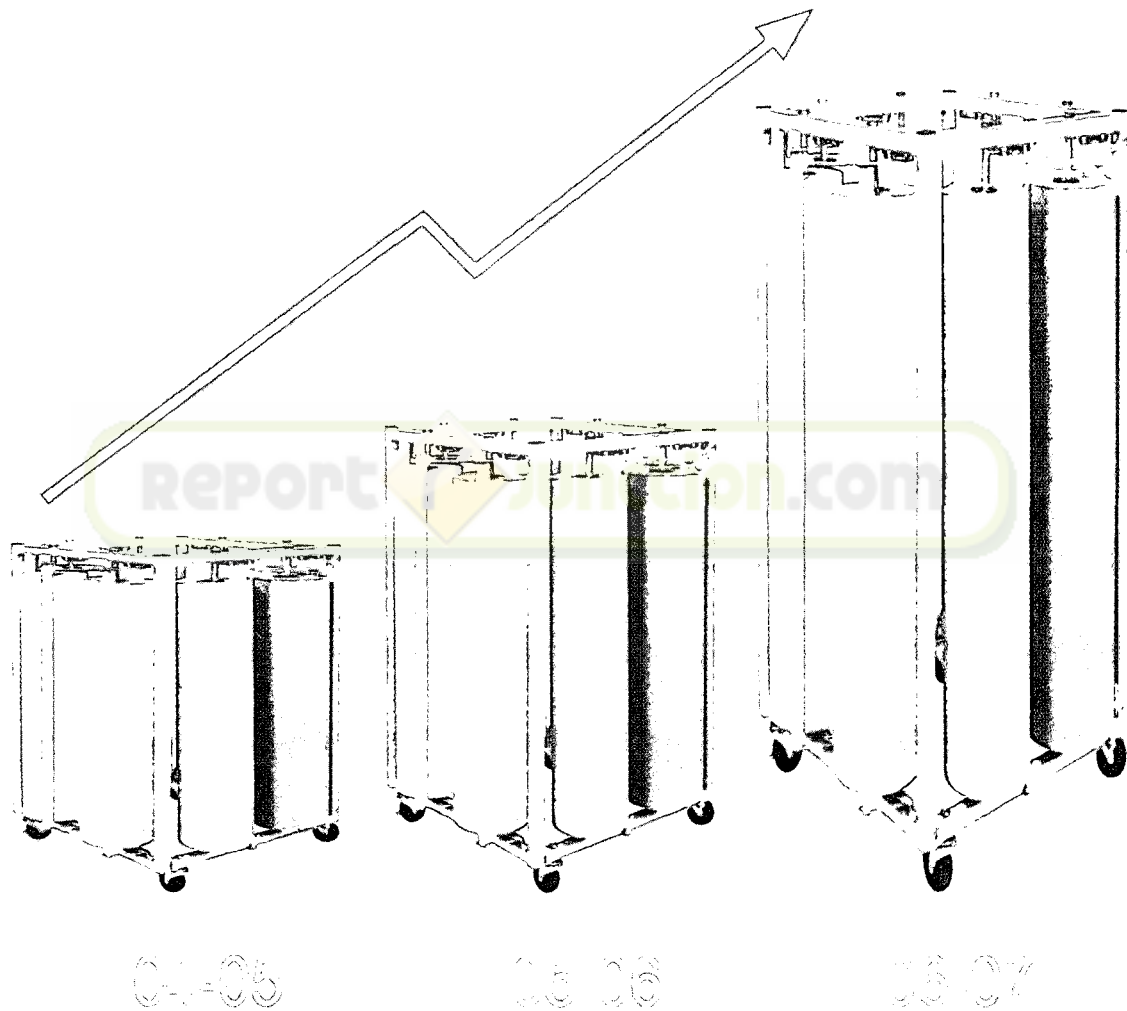


KANOI PAPER & INDUSTRIES LTD.
TAKING LITERACY TO THE MASSES

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22nd Annual Report 2006 - 2007



**"Aspiration is the main fuel for success
Aspirations transform a set of ordinary people into extra ordinary achievers"**

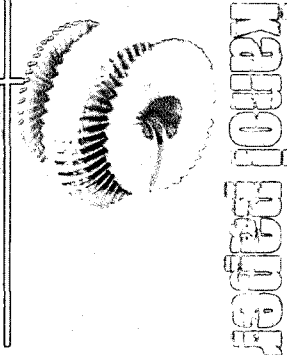


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Corporate Information

Board of Directors

Sri M. L. Jalan-Chairman
 Sri N. P. Jalan-Director
 Sri A. Jalan-Director
 Sri D. Kumar-Executive Director
 Sri J. Agrawal-Director
 Sri R. K. Kanoi-Director
 Sri S. K. Kanoi-Director

Manager

Sri D. Kumar

Company Secretary

Sri L. B. Chourasia

Auditors

M/S Singhi & Co.
 Chartered Accountants
 1B, Old Post Office Road,
 Emerald House, Kolkata - 700 001

Bankers

UTI Bank Ltd.

Registrars & Transfer Agent

Maheshwari Datamatics Pvt. Ltd.
 6 Mangoe Lane
 Kolkata - 700 001

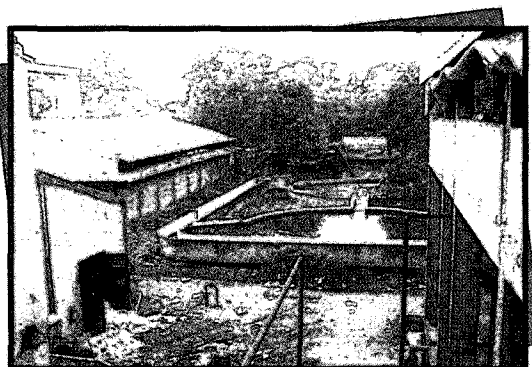
Registered Office

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

Mills

Village : Dhenka, P.O : Darrighat, Masturi
 Bilaspur - 495 551 (Chhattisgarh)

**"Limitations live only in our minds.
But if we use our imaginations our possibilities become limitless."**



Water Reservoir (The source)

History

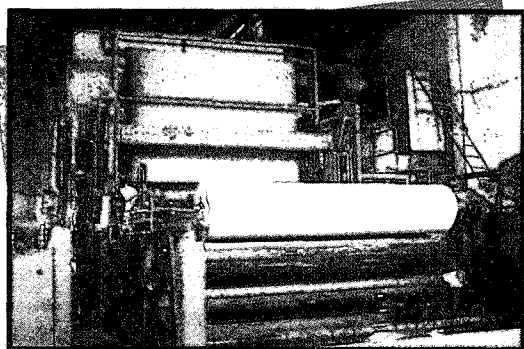
Kanoi Paper & Industries was originally incorporated as BDT Business Ltd. on 20th September, 1984. It was subsequently taken over by R. K. Kanoi Group of Kolkata and changed to its present name. Finally in March 2003, Mr. M. L. Jalan the present Chairman took over the Company.

Financials

Total Income rose to Rs.3872.82 lacs at a growth rate of 7.23%. Profit Before Tax stands at Rs. 432.26 lacs registering a growth of 183.73%



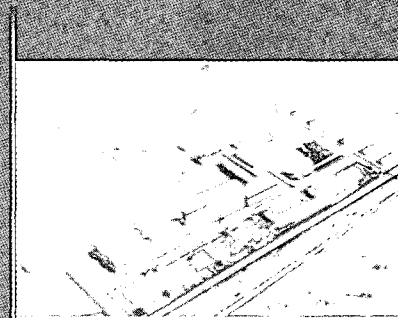
Digestors-Raw materials Cooking Machine



Paper Machine

Name Change

Directors have proposed to change the name of Company from "Kanoi Paper & Industries Ltd." to "Orion Paper & Industries Ltd."



Bird's eye view of Factory



Paper Machine Building

Expansion

Actual Production Capacity to increase from 12,000 MT to 18,000 MT and Co-generation Power Plant of 4MW capacity is proposed to be set in the current financial year.

BIFR status

The Company was a sick Industrial Company. Considering the positive networth this year it has filed petition for de-registration from BIFR.



Administrative Building



Men at work for end use

Dealer Network

Predominant markets are West Bengal, Bihar, Jharkhand, Chhattisgarh, Orissa, Madhya Pradesh, Uttar Pradesh, Maharashtra, Gujarat and Assam. The company is diversifying its dealership network to Karnataka, Chennai, Delhi etc.

"Strength lies in differences not in similarities."

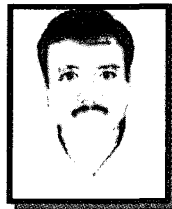
Our Directors



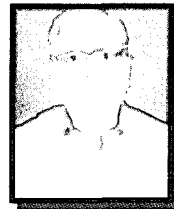
Shri M. L. Jalan
Chairman



Shri N. P. Jalan
Non-Executive Director



Shri A. Jalan
Non-Executive Director



Shri D. Kumar
Executive Director



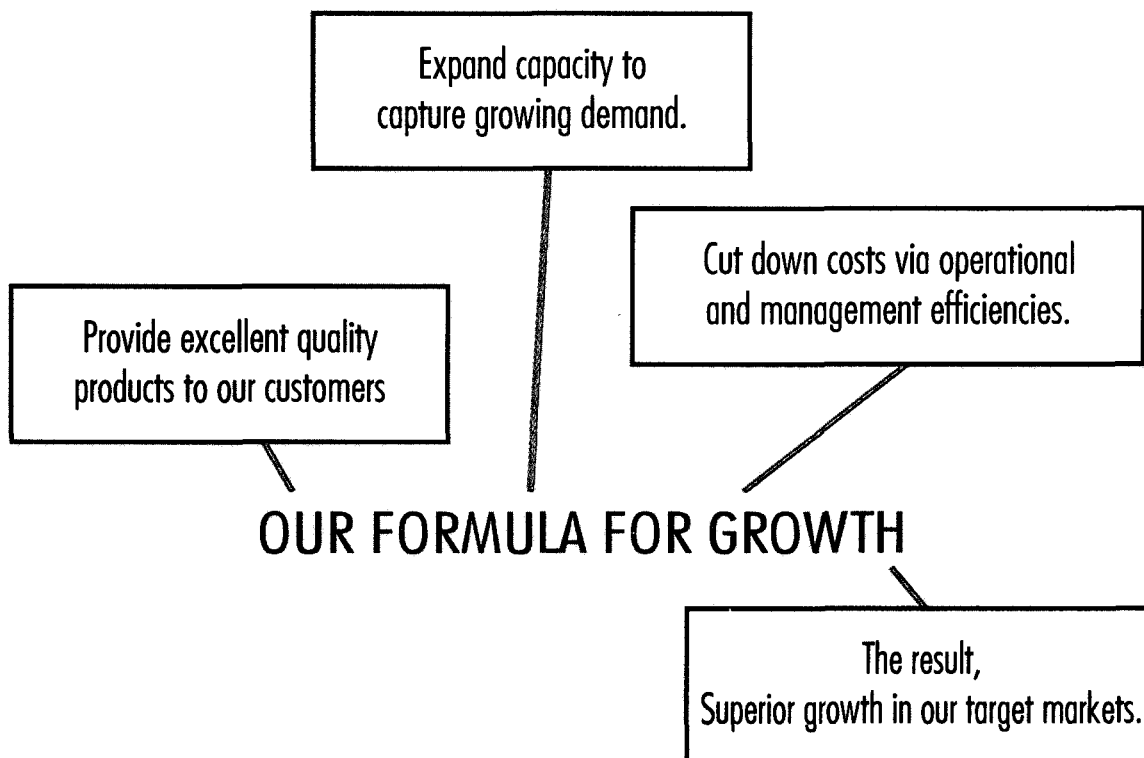
Shri J. Agrawal
Non-Executive & Independent Director



Shri R. K. Kanoi
Non-Executive & Independent Director



Shri S. K. Kanoi
Non-Executive & Independent Director





Kanoi Paper & Industries Ltd.

Dear Member (s),

27th June, 2007

You are cordially invited to attend the twenty second Annual General Meeting of the members to be held on Friday, the 27th July 2007 at 11:30 A.M. at Bengal National Chamber of Commerce, 23, R. N. Mukherjee Road, Kolkata - 700 001.

The notice of the meeting, containing the business to be transacted is enclosed herewith.

If you are physically challenged and need special assistance at the Annual General Meeting, please contact Mr. H. Das - Relationship officer (AGM) at - 033 -22132932/33.

Very truly yours,

M.L. Jalan
(Chairman)

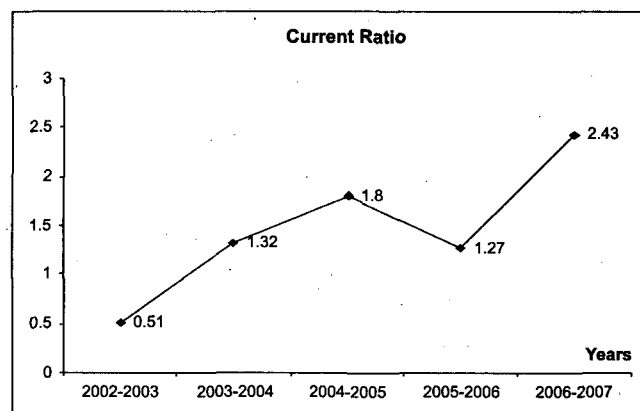
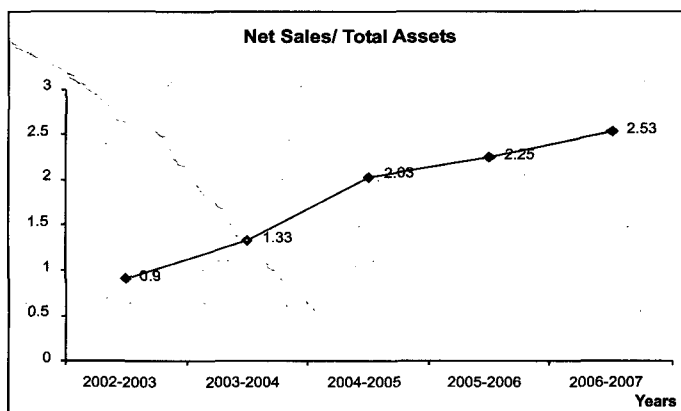
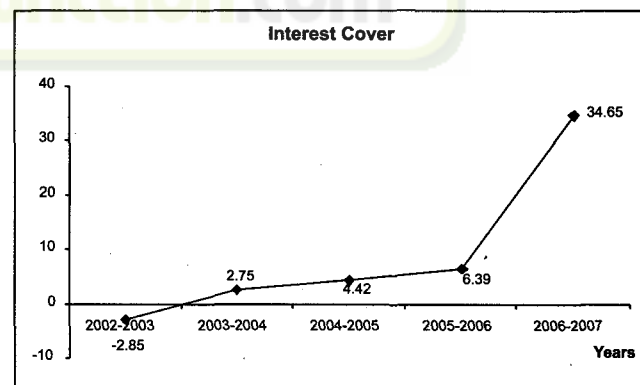
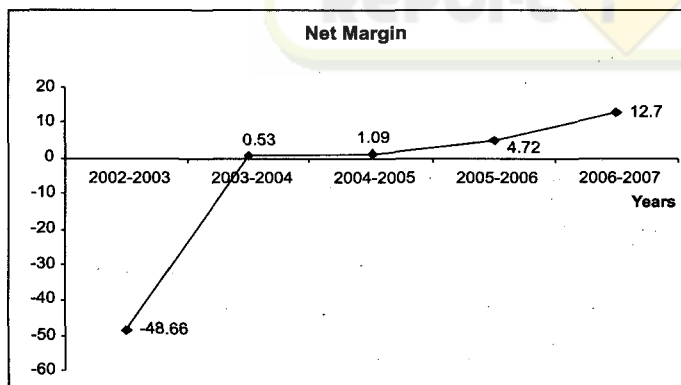
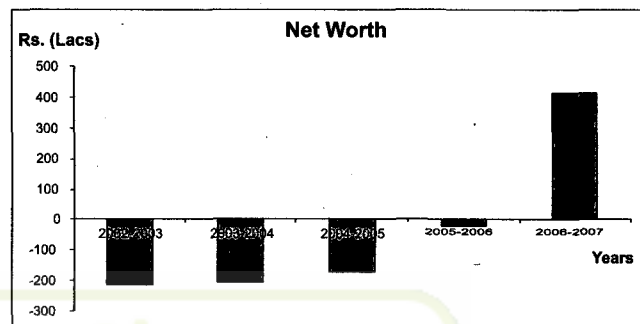
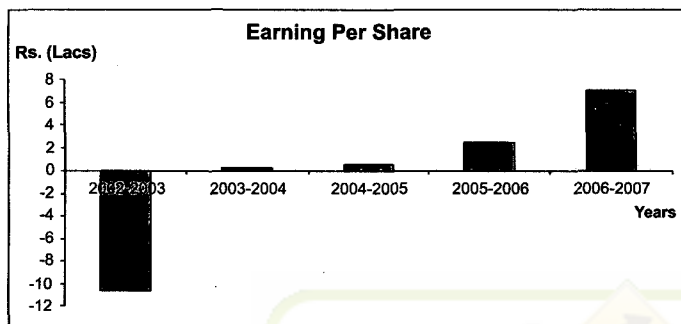
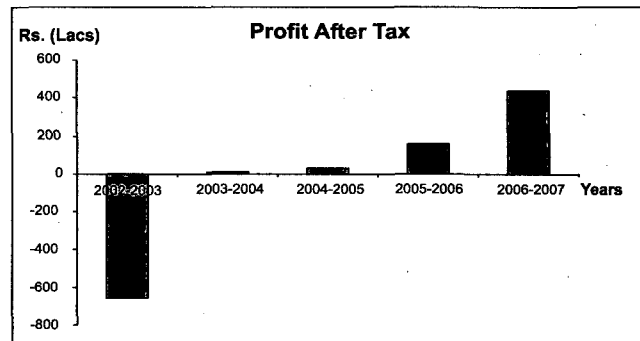
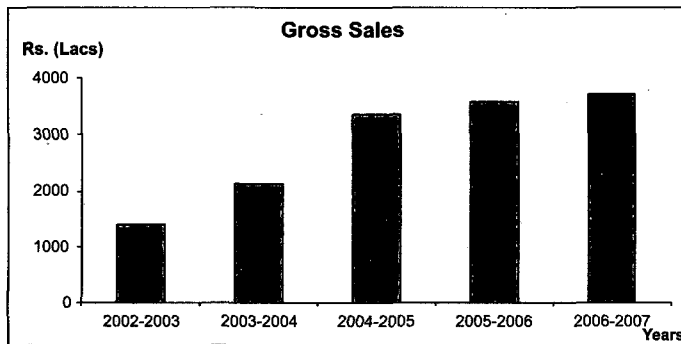
Encl.

Annual Report 06-07**FINANCIAL OVERVIEW**

The Company reported a significant improvement in operations during the year under review over 2004-05.

(Rs. In lacs)

PARAMETERS	2006-07	2005-06	2004-05	2003-04	2002-03
Gross Sales	3,712.14	3,561.22	3,347.93	2,115.69	1,387.50
Net Sales	3,402.68	3,224.65	3,004.34	1,888.93	1,341.94
Other Income	160.67	50.58	25.21	68.38	1,341.94
Operating Profit	428.35	255.59	149.07	104.28	(415.19)
Profit/(Loss) before IDT	589.02	306.17	174.28	172.66	(411.00)
Interest	17.00	47.90	39.46	62.78	144.12
Depreciation	116.03	104.65	102.02	99.96	97.93
Profit before Tax	455.99	153.62	32.80	9.92	(653.05)
Taxation	23.73	1.27	-	-	-
Profit After Tax	432.26	152.35	32.80	9.92	(653.05)
Equity	612.74	612.74	612.74	612.74	612.74
Reserves	306.37	306.37	306.37	306.37	306.37
Profit & Loss	(505.88)	(938.15)	(1,090.50)	(1,123.30)	(1,133.22)
Loan Fund	1,519.82	1,579.56	2,117.31	1,932.52	1,149.84
Fixed Assets	1,346.42	1,431.99	1,476.63	1,420.66	1,486.21
Net Current Assets	586.62	128.53	469.29	304.99	(555.85)
Net Worth	413.23	(19.04)	(171.39)	(204.19)	(214.11)
EPS	7.06	2.49	0.54	0.16	(10.66)
STATISTICS & RATIOS					
Operating Margin (%)	12.59	7.93	4.96	5.52	(30.94)
Gross Margin (%)	11.64	4.28	0.98	0.47	(47.07)
Net Margin (%)	12.70	4.72	1.09	0.53	(48.66)
Interest Cover (Times)	34.65	6.39	4.42	2.75	(2.85)
Net Sales/Total Assets (Times)	2.53	2.25	2.03	1.33	0.90
Current Ratio (Times)	2.43	1.27	1.80	1.32	0.51



Annual Report 06-07**NOTICE**

NOTICE is hereby given that the Twenty-Second Annual General Meeting of the Members of the Company will be held on Friday, the 27th July, 2007 at the Auditorium of Bengal National Chamber of Commerce & Industry, Bengal National Chamber House, 23, R. N. Mukherjee Road, Kolkata – 700 001 at 11:30 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, 2007 together with the Report of the Directors and Auditors.
2. To appoint Directors in place of Directors retiring by rotation.

Shri D. Kumar, Director, retires by rotation and being eligible, offers himself for re-appointment.

Shri Ankur Jalan, Director, retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint auditors to hold the office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

The present auditors, M/s Singhi & Co, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

Special Business

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

4. Alteration of the Capital Clause of the Memorandum of Association

"RESOLVED THAT pursuant to Section 16, 94 and all other applicable provisions of the Companies Act, 1956 (the "Act") and rules and regulations enacted under the Act, including any amendment thereto or re-enactment thereof for the time being in force, the Authorized Capital of the Company be and is hereby altered from Rs. 172,500,000 (Rupees Seventeen Crore Twenty-Five Lac Only) divided into 9,250,000 (Ninety-Two Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 800,000 (Eight Lacs) 10% Non-cumulative Redeemable Preference shares of Rs. 100/- (Rupees One Hundred) each to Rs. 172,500,000 (Rupees Seventeen Crores Twenty-Five Lacs Only) divided into 15,250,000 (One Crores Fifty Two Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 200,000 (Two Lacs) 10% Non-cumulative Redeemable Preference shares of Rs. 100/- (Rupees One Hundred) each.

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

- V. 'The Authorized Share Capital of the Company is Rs. 172,500,000 (Rupees Seventeen Crore Twenty-Five Lacs Only) divided into 15,250,000 (One Crores Fifty Two Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 200,000 (Two Lacs) 10% Non-cumulative Redeemable Preference shares of Rs. 100/- (Rupees One Hundred) each with the power to the Company to increase and reduce the capital for the time being into several classes and attach thereto respectively such preferential or special rights, privileges or conditions as may be determined by or in accordance with the regulation of the Companies Act, 1956 and to vary, modify or abrogate any such rights, privileges and conditions in such manner as may be for the time being be provided by the regulation of the Company.