

Nineth
Annual Report
1999 - 2000



Sree Sakthi Paper Mills Limited

SREE SAKTHI PAPER MILLS LIMITED

DIRECTORS

Mr. S. Sivathamu Pillai (Chairman)
Mr. S. Rajkumar (Managing Director)
Mr. S. Giridhar (Executive Director)
Mr. A.S. Unni
Mr. N. Ravindranathan
Mr. S. Subramaniam
Mrs. E. Kamalam
Mr. V. Viswanathan
(KSIDC Nominee)

BANKERS

State Bank of India

AUDITORS

M/s Balam & Co.
Ernakulam, Cochin - 18

REGISTERED OFFICE

39/2724 A,
Palliam Road,
Ernakulam, Cochin - 16

FACTORIES

KRAFT PAPER UNIT:
Development Area,
Eclayar, Alwaye.

DUPLEX BOARD UNIT:
Kanjirapilly
Chalakkudy

SREE SAKTHI PAPER MILLS LIMITED
SREE SAKTHI PAPER MILLS LIMITED

Regd. Office Sree Kailas
39/2724 Paliyam Road, Ernakulam
Cochin - 682 016

NOTICE TO SHARE HOLDERS

Notice is hereby given that the Ninth Annual General Meeting of the shareholders of the Company will be held at 4 p.m. on Friday, the 29th September, 2000 at Hotel Abad Plaza, M.G. Road, Ernakulam, Cochin - 35 to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Sri. S. Sivathamu Pillai, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri. A.S. Uani, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Sri. N. Ravindranathan, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
6. To appoint Auditors and fix their remuneration

By order of the Board,
For Sree Sakthi Paper Mills Limited

R. Ponnambalam
Company Secretary

Cochin - 16
4-9-2000

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be a member. Proxies in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2000 to 29th September, 2000 (both days inclusive)
3. The dividend when declared will be payable to those members of the Company whose names appear on the Register of Members of the Company on 29th September 2000
4. Members are requested to notify their change of address, if any.

SREE SAKTHI PAPER MILLS LIMITED

DIRECTORS REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Ninth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS

	1999-2000	1998-99
	(Rs. Lacs)	(Rs. Lacs)
Sales (Net)	3054.99	2619.60
Operating profit	406.63	437.60
Interest and finance	227.18	303.06
Depreciation	86.55	84.82
Profit before Tax	92.90	49.72
Provision for Tax	10.00	6.00
Profit after Tax	82.90	43.72
Income tax relating to earlier year	1.86	3.97
Balance of profit brought forward	40.80	51.05
Amount available for appropriation	121.84	90.80
Appropriation		
General Reserve	30.00	50.00
Proposed Dividend & Tax on dividend	24.71	Nil
Retained profits carried to Balance sheet	67.13	40.80

REVIEW OF OPERATIONS 1999-2000

During the year under review, your Company has achieved full capacity utilisation. Production was 23930 MT as compared to 20806 MT during the previous year indicating about 15% increase in production. The Company sold 24040 MT during the year as against 20682 MT in previous year representing 16% increase in sales. Though the average sales realisation has improved over the previous financial year, there was also

corresponding increase in input costs - Raw materials, fuel prices, transport cost, power costs etc. resulting in lower margins.

Your Company has performed reasonably well in the year under review as a result of achieving increased production and measures adopted in controlling manufacturing costs, making a net profit of Rs. 92.90 lakhs compared to Rs. 43.72 lakhs in previous year.

Your Directors are pleased to report that the Company has become an ISO 9002 Company - the Chalakyudi unit of the Company has been awarded certificate in this regard.

Prospects for 2000 - 2001

The year witnessed a reasonable improvement in the overall economy. The current year's performance so far is satisfactory and a healthy growth is envisaged. However, the steep hike in Excise duty imposed in Union Budget 2000 on paper and paper products (increased to 16% from 8%) has created disarray in the market making inroads into the meagre profit margins of the Company.

To meet the prevailing business challenges, your Company is continuing its efforts for improved operational efficiencies, better productivity and cost reduction measures. Steps are also being undertaken to further increase production from existing level, through debottlenecking and addition of balancing machinery/equipments, with minimum capital expenditure.

As mentioned in the last year's report, your Company could successfully complete the financial restructure during the current year by closing the IDBI loan balance of Rs. 4.75 crores and the Company availed a fresh term loans of Rs. 3.37 crores from State Bank of India.

Barring unforeseen circumstances, Company

SREE SAKTHI PAPER MILLS LIMITED

expects to achieve satisfactory results for the current year.

Industrial Relations

The industrial relations scenario was peaceful and cordial atmosphere prevailed.

Dividend

In view of overall performance and prospects during the current year, your Directors recommend a dividend of 10% for the year subject to the necessary approvals. In accordance with the provisions of Income tax Act, 1962 no tax will be deducted at source on the dividend but the Company will absorb Rs. 4.46 lakhs towards tax on distributable profits.

Board of Directors

In accordance with Article 83 of the Articles of Association of the Company, Sri. S. Sivathanu Pillai, Sri. A.S. Unni and Sri. N. Ravindranathan, directors of the Company retire on rotation, and they being eligible offer themselves for re-appointment.

Auditors

M/s Balan & Co. Chartered Accountants, the present Auditors of the Company retire and are eligible for re-appointment. Necessary certificate has been obtained from the Auditors as per section 224(1) of the Companies Act, 1956.

Foreign Exchange Earnings and out-go

The Company had no exports and no foreign exchange earnings during the year. The outgo was solely for purchase of raw materials amounting to Rs. 506.35 Lakhs.

PARTICULARS UNDER SECTION 217

Conservation of Energy, Technology Absorption

Statement of particulars under section

217(1) (e) of the Companies Act, 1956 are annexed.

Particulars of Employees

None of the employees of the Company is coming under the purview of Section 217 (2A) of the Companies Act, 1956 as amended per Notification dated 12th March, 1999. The details of managerial remuneration under section 198 of the Act are furnished under note B (1) of Schedule 20 forming part of the Accounts.

Acknowledgement

Your Directors wish to place on record their gratitude to the State and Central Governments, Kerala State Industrial Development Corporation Ltd., Kerala Financial Corporation, Industrial Development Bank of India, State Bank of India, State Bank of Hyderabad, SBI Factors and commercial Services Ltd., Kerala State Electricity Board, customers, dealers/Agents and shareholders including SBI Capital Markets Ltd. for their co-operation and support extended to the Company.

The Directors in particular gratefully acknowledge the continued support and assistance given by State Bank of India.

Your Directors also wish to express their appreciation of the services of all the employees for their valued co-operation, dedication and loyalty.

By and on behalf of the
Board of Directors

Kochi 16
Date 31-08-2000

S. Sivathanu Pillai
Chairman

SREE SAKTHI PAPER MILLS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'A'

(See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption

	Current year	Previous year
1. Electricity		
a. Purchased		
Unit	1,27,82,160	1,05,81,000
Total amount	1,81,11,538	1,16,17,400
Rate/unit	1.42	1.10
b. Own Generation		
(i) Through Diesel Generator		
Unit	9,15,798	14,75,526
Unit per litre. of diesel oil	3.35	3.43
Cost/unit	4.05	3.24
(ii) Through steam turbine/generator	--	--
2. Coal		
3. Furnace oil	--	--
4. Other/internal generation	--	--

B. Consumption per unit of production

Electricity (kwh)	573	580
Furnace oil	--	--
Coal	--	--
Others	--	--

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'B'

(See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. Research and development (R & D)

1. Specific areas in which (R & D)
Carried out by the Company : Nil
2. Benefit derived as a result of
the above R & D : Nil
3. Future plan of action : The Company would undertake appropriate R & D activities depending upon future requirements
4. Expenditure on R & D : N.A.

**B. Technology Absorption
Adaption and innovation.**

: The process of improvement is a continuous one and the Company is experimenting with use of new raw materials, fuels etc. to improve productivity further.

Particulars of imported technology

No Technology has been imported

SREE SAKTHI PAPER MILLS LIMITED

BALAN & CO.,
Chartered Accountants

1st Floor, 43/1436, Dhanya Nivas
Power House Extn. Road
Cochin - 682 018
Phone: 392529/393649
Fax No: 0484 - 393649
E-mail : mohu@md4.vsnl.net.in

AUDITORS REPORT

We have audited the attached Balance Sheet of M/s SREE SAKTHI PAPER MILLS LIMITED, COCHIN - 16 as at 31st March, 2000 and the profit and loss account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) above, we state that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
 - (c) The Balance Sheet and profit and loss account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, Balance Sheet and profit and Loss Account comply with the accounting standards referred to in Subsection (3c) of section 211 of the Companies Act, 1956.
 - (e) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and,
 - ii) In so far as it relates to the profit and Loss Account of the Profit of the Company for the year ended on that date

For Balan & Co.,
Chartered Accountants

Cochin - 18
31-08-2000

A. Mohanan B.Sc. FCA
Partner

SREE SAKTHI PAPER MILLS LIMITED

RE:- M/S SREE SAKTHI PAPER MILLS LIMITED, COCHIN - 16

Annexure referred to in paragraph (1) of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management. No material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods and raw materials have been physically verified during the year by the management. In our opinion and considering the nature of the raw materials used, the frequency of such verification is reasonable.
4. The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No material discrepancies were noticed on physical verification of stock with book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles.
7. The company has not taken any loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from Companies under the same management as defined under sub section (1B) of section 370 of the Companies Act, 1956.
8. The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to Companies under the same management as defined under sub section (1B) of section 370 of the Companies Act 1956.
9. The Company has not given any loans and advances in the nature of loans except to its employees which are being repaid regularly.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of stores, raw materials including components, plant & machinery, equipments and other assets and with regard to the sale of goods.
11. The transactions of purchase of goods and materials and sale of goods made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act 1956, and aggregating during the year to Rs.50,000/- or

SREE SAKTHI PAPER MILLS LIMITED

more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices and practices for such goods and materials.

12. The Company has a system for identifying and providing for losses on account of unserviceable or damaged stores, raw materials or finished goods.
13. The Company has accepted deposits from the public which are not in contravention of section 58A of the Companies Act, 1956.
14. The Company is maintaining reasonable records for the sale and disposal of scrap.
15. On the basis of test checks conducted by us and as per the explanation given to us, the company has a reasonable internal audit system commensurate with its size and nature of its business though the extent of coverage needs to be enlarged.
16. On a prima-facie examination we are of the opinion that the Company is maintaining cost accounting records though not in strict conformity with those prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956.
17. The Company mostly is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts in respect of Income-tax, wealth-tax, Sales-tax, Customs-duty and Excise-Duty are payable as on the date of the Balance Sheet for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employee or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Clause (o) of Sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Balan & Co.,
Chartered Accountants

A. Mohann B.Sc. FCA
Partner

Cochin - 18
31-08-2000

SREE SAKTHI PAPER MILLS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2000

Particulars	No.	31/3/2000 Rupees	31/03/1999 Rupees
I SOURCES OF FUNDS			
(1) Share Holders' Funds:			
a) Capital	1	2,02,50,000	2,02,50,000
b) Reserves & Surplus	2	6,69,53,461	6,13,19,737
		<u>8,72,03,461</u>	<u>8,15,69,737</u>
(2) Loan Funds:			
(a) Secured Loans	3	12,76,83,384	13,30,34,980
(b) Unsecured Loans	4	23,07,000	81,26,137
		<u>12,99,90,384</u>	<u>14,11,61,117</u>
Total		<u>21,71,93,845</u>	<u>22,27,30,854</u>
II APPLICATION OF FUNDS			
(1) Fixed Assets:	5		
(a) Gross Block		17,99,75,620	17,52,50,013
(b) Less: Depreciation		4,16,12,766	3,33,94,104
		<u>13,83,62,854</u>	<u>14,18,55,909</u>
(c) Capital work in progress		21,08,290	9,06,497
(d) Net Block		<u>14,04,71,144</u>	<u>14,27,62,406</u>
(2) Investments:	6	<u>1,69,000</u>	<u>1,69,000</u>
(3) Current Assets, Loans & Advances			
(a) Inventories	7	2,70,93,304	2,41,69,541
(b) Cash & Bank balances	8	72,92,694	60,76,352
(c) Sundry Debtors	9	8,62,51,706	8,27,26,642
(d) Loans & Advances	10	79,80,267	1,00,14,768
		<u>12,86,17,971</u>	<u>12,29,87,303</u>
Less: Current Liabilities and Provisions:	11		
(a) Current Liabilities		4,76,77,991	4,20,91,766
(b) Provisions		43,86,279	10,96,089
Net Current Assets		<u>7,65,53,701</u>	<u>7,97,99,448</u>
Total		<u>21,71,93,845</u>	<u>22,27,30,854</u>
Accounting Policies & Notes on Accounts	20		

By order of the Board
S. Sivathani Pillai
Chairman
A.S. Linn
Director
S. Roakumar
Managing Director
Cochin - 16, Dt: 31-8-2000

R. Ponnambalam
Company Secretary

Raghuprasad P.V.
Manager (Finance & Accounts)

Subject to our report of even date
For Balaji & Co.,
Chartered Accountants

A. Mahajan B.Sc., F.C.A.
Partner
Cochin - 18
31-08-2000

SREE SAKTHI PAPER MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

Particulars	No.	31/3/2000 Rupees	31/03/1999 Rupees
INCOME			
Sales	12	33,18,68,415	27,68,23,109
Miscellaneous Income	13	9,11,076	10,08,656
Increase / (- Decrease) in Stock	14	(23,94,771)	20,95,617
Total		33,03,84,720	27,99,27,382
EXPENDITURE			
Manufacturing Expenses	15	21,66,32,458	18,46,31,649
Excise Duty		2,63,68,856	1,48,63,171
Payments to & Provision for Employees	16	2,42,87,934	2,05,48,909
Administrative Expenses	17	1,58,54,406	1,40,81,716
Selling & Distribution Expenses	18	54,41,979	20,41,334
Interest & Finance Charges	19	2,27,18,337	5,03,06,410
Loss on sale of Fixed Asset		11,35,450	0
Total		31,24,39,420	26,64,73,189
Profit before Tax and Depreciation		1,79,45,300	1,34,54,193
Depreciation		86,55,212	84,82,056
Profit before Tax		92,90,088	49,72,137
Provision for Taxation		10,00,000	6,00,000
Profit after Tax		82,90,088	43,72,137
Less: Income Tax relating to earlier year		1,85,864	3,97,488
		81,04,224	39,74,649
Add: Balance brought forward from previous year		40,79,737	51,05,088
		1,21,83,961	90,79,737
APPROPRIATIONS			
Proposed Dividend		20,25,000	0
Corporate Dividend Tax		4,45,500	0
Transfer to General Reserve		30,00,000	50,00,000
Balance carried to Balance Sheet		67,13,461	40,79,737
Accounting policies & Notes on Accounts - 20			

By order of the Board

S. Sivatharan Pillai

Chairman

S. S. Unni

Director

S. Raj Kumar

Managing Director

Cochin - 16, DI: 31-8-2000

R. Ponnambalam

Company Secretary

Reghuprasad P.V.
Manager (Finance & Accounts)

Subject to our report of even date

For Balas & Co.,

Chartered Accountants

A. Mohanan B.Sc., F.C.A.

Partner

Cochin - 18

31-08-2000

SREE SAKTHI PAPER MILLS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2000

Sch. No.	Particulars	31/3/2000 Rupees	31/03/1999 Rupees
1	SHARE CAPITAL		
	AUTHORISED		
	30,00,000 Equity shares of Rs. 10/- each	<u>3,00,00,000</u>	<u>3,00,00,000</u>
	ISSUED, SUBSCRIBED AND PAID UP		
	20,25,000 Equity Shares of Rs.10/- each (20,25,000 Equity Shares Previous Year)	2,02,50,000	2,02,50,000
		<u>2,02,50,000</u>	<u>2,02,50,000</u>
2	RESERVES & SURPLUS		
	i) Capital Reserve		
	a. Kerala State Govt. Investment Subsidy	27,50,000	27,50,000
	b. Tamil Nadu State Govt. Subsidy	7,40,000	7,40,000
	ii) Share Premium Account	37,50,000	37,50,000
	iii) General Reserve	5,30,00,000	5,00,00,000
	iv) Profit & Loss Account	67,13,461	40,79,737
		<u>6,69,53,461</u>	<u>6,13,19,737</u>

SREE SAKTHI PAPER MILLS LIMITED

Sch. No.	Particulars	31/3/2000 Rupees	31/03/1999 Rupees
3	SECURED LOANS		
i)	Term Loans		
a.	Kerala State Industrial Development Corp. Ltd.	13,57,042	30,00,000
b.	Kerala Financial Corporation	16,39,220	23,81,420
c.	Industrial Development Bank of India	4,00,00,000	4,99,52,609
d.	State Bank of Hyderabad	33,75,000	45,00,000
ii)	Equipment Finance Loan		
a.	For Wind Mill from IDBI	0	11,35,000
b.	For Coating Plant from IDBI	75,00,000	1,12,50,000
c.	For D.G. Set from KSIDC	1,70,000	10,20,000
d.	For Boiler from KSIDC	21,20,000	0
iii)	Interest accrued and due on above loans	49,16,658	28,35,494
iv)	S.B.I. Factors and Commercial Services Ltd.	94,90,098	8,50,406
v)	Cash Credit Loan from State Bank of India	5,71,15,366	5,61,10,051
		<u>12,76,83,384</u>	<u>13,30,34,980</u>

1. Term Loans as per (i) above, is secured on pari passu basis by an Equitable Mortgage by deposit of the title deeds of the company's property and hypothecation of all the movable assets of the company, both present and future save and except assets covered under 2 and 3 below

2. Equipment Finance Term Loan (ii) (a) above is secured by exclusive charge over windmill, (ii) (b) by exclusive charge over coating plant other assets acquired under the assistance, (ii) (c) by exclusive charge over the DG Set acquired under the assistance (ii) (d) by exclusive charge over the Boiler acquired under the assistance and

3. Loan under item (iv) above is secured by second charge on book debts.

4. Cash Credit Loan from State Bank of India is secured by first charge on the entire stock of raw materials work in process, finished goods and receivables and further secured by Equitable Mortgage by deposit of title deeds of the company's property as covered under item I above ranking subsequent and subservient to the charges created in favour of Lenders as per I above

5. Loans under (i) a and b are further personally guaranteed by three directors of the Company and loans under (i) c and d and under (ii) a and b are personally guaranteed by Managing Director.

4. UNSECURED LOANS

From Directors	57,000	57,000
From Others	22,50,000	60,00,000
Bridge Loan from KSIDC	0	69,137
Short term loan from KSIDC	0	20,00,000
	<u>23,07,000</u>	<u>81,26,137</u>

SREE SAKTHI PAPER MILLS LIMITED

5. FIXED ASSETS

(Figures in Rupees)

Sl. No.	PARTICULARS	COST BLOCK			DEPRECIATION BLOCK			NET BLOCK			
		Bal. as on 31-3-99	Addition the year	Sales/Ret. during year	Total on 31-3-2000	Wtdn 31-3-99	For the year	Depreciation on Deletion	Total on 01-3-2000	As on 31-3-99	As on 31-3-2000
1	Land	42,81,560	0	0	42,81,560	0	0	0	42,81,560	42,81,560	42,81,560
2	Buildings	2,73,07,091	0	0	2,73,07,091	35,03,535	8,21,710	0	43,25,245	2,38,03,556	2,22,81,840
3	Furniture & Fixtures	10,07,217	59,975	0	10,55,192	4,33,062	99,793	0	5,23,885	5,28,125	6,31,307
4	Plant & Machinery	14,15,97,947	63,57,156	18,72,000	14,63,83,000	2,91,06,513	76,91,022	4,36,560	3,63,92,985	11,24,59,334	10,96,90,016
5	Office Equipments	10,81,912	1,08,476	0	12,48,388	3,10,004	91,087	0	3,70,851	7,42,840	8,77,737
	Total	17,52,50,013	65,97,807	18,72,000	17,99,75,620	3,33,94,104	89,55,232	4,36,560	4,16,12,789	14,18,55,009	13,83,92,854
	Figures for the previous year	17,09,00,170	43,43,843	0	17,52,50,013	2,40,12,049	84,82,058	0	3,33,94,104	14,59,94,122	14,18,55,909

SREE SAKTHI PAPER MILLS LIMITED

No.	Particulars	31/3/2000 Rupees	31/03/1999 Rupees
6.	INVESTMENT - AT COST		
1.	Equity shares in I.D.B.I. (Market value as on 31-03-2000 Rs. 50,800/-)	1,69,000	1,69,000
		<u>1,69,000</u>	<u>1,69,000</u>
7.	INVENTORIES		
1.	Raw Materials & Packing Materials Less : Modvat receivable	1,08,91,321 51,986	75,18,786 60,503
		<u>1,08,39,335</u>	<u>74,58,283</u>
2.	Work-in Process	2,83,011	12,16,698
3.	Finished Goods	41,39,992	56,01,076
4.	Stock in transit	51,789	4,08,351
5.	Stores, Spares & Fuel	1,17,79,177	94,85,133
		<u>2,70,93,304</u>	<u>2,41,69,541</u>
8.	Cash And Bank Balances		
1.	In Current Account with Scheduled banks	29,122	32,683
2.	Cash on Hand	12,46,656	12,95,428
3.	T.T. in Transit	0	8,00,000
4.	F.D./R.D. with State Bank of India	60,16,916	39,48,241
		<u>72,92,694</u>	<u>60,76,352</u>
9.	Sundry Debtors		
	Over Six months		
	Unsecured Considered Good	1,02,12,898	1,19,30,532
	Other Debts		
	Unsecured Considered Good	7,82,03,446	7,07,96,110
		<u>8,84,16,344</u>	<u>8,27,26,642</u>
	Less : Provision for bad debts	21,64,638	0
		<u>8,62,51,706</u>	<u>8,27,26,642</u>

Out of the above Rs. Nil (previous year Rs. Nil) was due by directors/firms in which directors are partners or directors. The maximum amount due by the above parties at any time during the year was Rs. Nil (previous year Rs. Nil)

SREE SAKTHI PAPER MILLS LIMITED

Sch. No	Particulars	31/3/2000 Rupees	31/03/1999 Rupees
10	LOANS AND ADVANCES (Unsecured Considered Good)		
	1. Prepaid Expenses	9,25,328	6,57,001
	2. Deposits	24,63,739	22,10,569
	3. Other Advances	45,91,200	71,47,198
		<u>79,80,267</u>	<u>1,00,14,768</u>
11	CURRENT LIABILITIES & PROVISIONS		
	a) Current Liabilities		
	1. Sundry Creditors		
	Amount due to SSI units	1,58,143	2,06,146
	Other than SSI units		
	a) Supplies	2,06,80,202	2,45,55,368
	b) Expenses	78,71,252	32,89,407
	c) Stores & Spares	57,95,908	32,71,164
	d) Capital Purchases	3,35,790	6,80,534
	2. Interest accrued but not due on Loans	23,97,820	33,81,386
	3. Other Liabilities	1,04,38,876	67,07,761
		<u>4,76,77,991</u>	<u>4,20,91,766</u>
	b) Provisions		
	For Income Tax	10,00,000	6,20,763
	For Gratuity	9,15,779	4,75,326
	For Dividend	20,25,000	0
	For Corporate Dividend Tax	4,45,900	0
		<u>43,86,279</u>	<u>10,96,089</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS
ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000**

12	SALES		
	Sales	33,91,23,085	28,20,16,845
	Less : Discount	72,54,670	51,93,736
		<u>33,18,68,415</u>	<u>27,68,23,109</u>

SREE SAKTHI PAPER MILLS LIMITED

Sch. No.	Particulars	31/3/2000 Rupees	31/03/1999 Rupees
13	MISCELLANEOUS INCOME		
	Interest Received gross	2,50,624	4,59,127
	Dividend Received	5,850	5,850
	Others	6,54,602	5,43,679
		<u>9,11,076</u>	<u>10,08,656</u>
14	INCREASE IN STOCK		
	Closing Stock		
	Finished Goods	41,39,992	56,01,076
	Work in Progress	2,83,011	12,16,698
	Less : Opening Stock		
	Finished goods	56,01,076	40,86,515
	Work in progress	12,16,698	6,35,642
		<u>(23,94,771)</u>	<u>20,95,617</u>
15	MANUFACTURING EXPENSES		
	Raw Materials consumed	14,47,79,966	12,34,41,492
	Packing Materials consumed	43,42,391	42,73,865
	Power & Fuel consumed	3,72,70,092	2,85,15,312
	Stores, Spares and Consumables	1,41,88,037	1,33,21,544
	Freight Inwards	93,45,269	82,07,294
	Repairs and Maintenance - Plant & Machinery	21,05,679	22,83,395
	Repairs and Maintenance - Building	3,70,323	4,63,075
	Insurance Expenses - Works	8,80,031	11,46,563
	Factory Expenses	1,11,769	2,10,256
	Coolie charges	32,38,901	27,68,853
		<u>21,66,32,458</u>	<u>18,46,31,649</u>
16	PAYMENTS TO AND PROVISION FOR EMPLOYEES		
	Salaries, Wages & Allowances	1,89,47,524	1,57,23,579
	Stipend & Exgratia	51,425	58,007
	Bonus	16,24,488	12,78,577
	Gratuity	4,70,741	3,82,925
	Staff Welfare Expenses	19,30,643	18,93,502
	EDLI Premium	0	15,692
	Medical Expenses	1,95,844	1,37,882
	Employer's contribution to P.F.	7,26,912	6,23,158
	Employer's contribution to E.S.I.	3,40,357	4,35,587
		<u>2,42,87,934</u>	<u>2,05,48,909</u>

SREE SAKTHI PAPER MILLS LIMITED

Sch. No.	Particulars	31/3/2000 Rupees	31/03/1999 Rupees
17.	ADMINISTRATIVE EXPENSES		
	Office & General Expenses	3,28,941	2,67,148
	Travelling expenses	38,29,343	31,65,684
	Remuneration to Whole Time Directors	8,64,000	8,64,000
	Vehicle Maintenance	6,94,781	5,90,311
	Rent	4,06,306	4,63,740
	Professional Service Charges	13,59,056	13,23,733
	Pooja Expenses	5,43,702	3,03,692
	Printing and Stationery	4,46,317	4,42,669
	Telephone, Postage and Telegrams	22,13,041	26,81,349
	Hire charges	19,29,033	13,31,742
	Repairs and Maintenance - others	19,56,617	14,17,503
	Books and Periodicals	16,344	17,483
	Insurance Premium	2,52,905	1,71,281
	Auditors Remuneration		
	for Audit	85,000	75,000
	for Tax and Sales Tax Audit	17,500	17,500
	for Taxation matters and Out of pocket exps.	17,325	11,235
	Rates and Taxes	2,96,023	2,93,549
	Donation	3,14,533	2,92,368
	Sitting Fee	46,000	59,000
	Subscription and Membership	44,400	63,547
	Entertainment Expenses	59,457	26,813
	Advertisement Charges	1,33,780	2,02,378
		<u>1,58,54,406</u>	<u>1,40,81,716</u>
18.	SELLING AND DISTRIBUTION EXPENSES		
	Freight Outwards	8,45,809	3,06,054
	Cash Discount	6,83,073	10,04,400
	Sales promotion expenses	17,48,459	7,30,880
	Bad debts written off	21,04,638	0
		<u>54,41,979</u>	<u>20,41,334</u>
19.	INTEREST AND FINANCE CHARGES		
	Interest - Loans	98,48,745	1,48,42,177
	Interest - Others	1,12,10,410	1,39,40,648
	Finance Charges	10,67,468	49,655
	Lease Expenses	5,91,714	14,73,930
		<u>2,27,18,337</u>	<u>3,03,06,410</u>

SREE SAKTHI PAPER MILLS LIMITED
NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE No. 20

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

The accounts of the Company are prepared under the historical cost convention on accrual basis as a going concern.

2. Revenue Recognition:

Items of income and expenditure are recognised on accrual basis except for the following which are being accounted on cash basis, since it is not possible to ascertain with reasonable accuracy the quantum to be provided in respect of -

- a. Interest & delayed payment charges on overdue bills pending as on Balance Sheet date.
- b. Insurance and other claims.
- c. The additional liability, if any, arising at the time of assessment of tax/duty.

3. Fixed assets & Depreciation

Depreciation of fixed assets is provided on pro-rata basis on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on additions is calculated on a monthly pro-rata basis. Cost of Fixed Assets has been taken net of MODVAT in cases where credit for MODVAT has been taken.

4. Investments :

Investments are stated at cost.

5. Inventory :

Inventory of raw materials and consumables are valued at cost. Finished Goods are valued at cost or market price whichever is lower. Cost for the purposes of valuation of finished goods includes cost of direct material, labour and other direct Overheads including Excise duty if any applicable. Stock-in-process is valued at raw material cost plus wherever applicable proportionate direct cost.

6. Foreign Currency transactions:

Expenditure in foreign currency is converted into Indian rupees at the rate of exchange prevailing on the date of the remittance. Liability in respect of foreign

SREE SAKTHI PAPER MILLS LIMITED

exchange transactions outstanding as at the end of the year is stated at the exchange rate prevailing on that date.

7. Others :

- i) Contingent Liabilities are not provided for and are disclosed in notes to the accounts.
- ii) Gratuity liability is worked out based on last drawn salary and number of years service of employees and not based on actuarial valuation.

B NOTES ON ACCOUNTS

1. Managerial Remuneration :

	Managing Director	Executive Director
Salary	Rs. 3,60,000	2,16,000
House Rent Allowance	Rs. 1,80,000	1,08,000
Total	<u>Rs. 5,40,000</u>	<u>3,24,000</u>

2. Value of Imports on C.I.F. basis during the year amounted to Rs. 457.03 Lacs (Previous Year Rs. 462.48 Lacs)

3. Raw Materials consumed

	Quantity	Value
	Tonnes	Rs. Lacs
Imported Waste Paper	9188.635	563.39
	(9808.130)	(426.07)
Indigenous Waste Paper	16930.648	779.53
	(13811.588)	(617.05)
Chemicals	1639.207	104.87
	(1682.126)	(102.38)

SREE SAKTHI PAPER MILLS LIMITED

4. Finished Goods

Particulars of Paper & Paper Boards	Quantity Tonnes	Gross Value Rs. Lacs
Opening Stock	493.969	56.01
	(369.814)	(40.86)
Production	23929.917	3365.51
	(20805.866)	(2825.56)
Sales	24039.631	3380.33
	(20681.711)	(2810.41)
Closing Stock	384.255	41.19
	(493.969)	(56.01)
Sale of Electricity 4,41,170 Units Rs. 10.89 Lacs (Previous Year 4,04,846 Units Rs. 9.75 Lacs)		

5. Work-in-Process

	Quantity Tonnes	Value Rs. Lacs
Opening	105.35	12.17
	(72.81)	(6.36)
Closing	36.40	2.83
	(105.35)	(12.17)

6. Percentage of consumption of Raw Materials

	Rs. Lacs	Percentage to total
Imported	563.39	38.91%
	(426.07)	(37.20%)
Indigenous	884.40	61.09%
	(719.43)	(62.80%)

7. Sales are inclusive of Excise Duty & Cess.

SREE SAKTHI PAPER MILLS LIMITED

8. Some of the Balances of Sundry Debtors, Sundry Creditors, Advances and Loans are subject to confirmation.
9. Previous year figures have been rearranged/regrouped wherever necessary.
10. Assets, Loans and advances are in realisable state in the ordinary course of business.
11. Contingent Liabilities not provided for
 - a. Unexpired Contracts for Capital Expenditure Rs. 2.00 Lacs (Previous year 2.00 Lacs).
 - b. Claims against the company not acknowledged as debts Rs. 1.31 Lacs (previous year 5.541 lacs).
 - c. Usance Letter of Credit remaining unpaid as on 31.03.2000 amounts to Rs. 154.59 Lacs (previous year Rs. 139.95 Lacs)

12. Capacity

	Paper & Paper Bourds (MT)	Electricity
Licensed Capacity (Registered with S.I.A.)	18900 (18,900)	Not required
Installed Capacity	19,800 (19,800)	250 KW 250 KW
Actual Production	23930 (20806)	4,41,170 (4,04,846) Units

13. Professional service charges include Rs. 36,000/- to a director (Previous Year Rs. 36,000/-).
14. Provision has not been made for the diminution in value of quoted investments.
15. Machines costing Rs. 46.42 lacs (previous year 46.42 Lacs) were acquired and held under Lease from M/s. Kerala State Industrial Development Corporation Ltd. Trivandrum as on 31.3.2000.

SREE SAKTHI PAPER MILLS LIMITED

16. Information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet abstract and Company's general business profile

a) Registration details

Registration Number	06207 of 1991
State Code Number	09
Balance Sheet date	31st March 2000

b) Capital raised during the year

	(Amount in '000)
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

c) Position of Mobilisation and Deployment of Funds (Amount in '000)

31/3/2000

Rupees

Total Liabilities	2,17,193
Total Assets	2,17,193

Sources of funds

Paid-up Capital	20,250
Reserves & Surplus	66,953
Secured Loans	1,27,683
Unsecured Loans	2,307
Deferred payment credit	Nil

Application of funds

Net Fixed Assets	1,40,471
Investments	169
Net Current Assets	76,553
Miscellaneous Expenditure	Nil

d) Performance of the Company

Turnover (including other income)	3,32,779
Total Expenditure	3,23,489
Profit before Tax	9,290
Profit after Tax	8,104
Earnings per share	4
Dividend rate percentage (proposed)	10%

SREE SAKTHI PAPER MILLS LIMITED

e) Generic names of three principle products of the Company :

ITC Code No.	Description
1 6413	Kraft Paper from Non-Conventional raw materials like waste paper Kraft cuttings
2 48101209	Paper Board coated with china clay using Unconventional raw materials

Signatories to Schedules 1 to 18 :

By order of the Board

Subject to our report of even date

For Balan & Co.,
Chartered Accountants

S. Sivathani Pillai
Chairman

A. Mohanan, B.Sc., F.C.A.
Partner
Cochin - 18

A.S. Unni
Director

Ponnambalam R.
Company Secretary

S. Rajkumar
Managing Director

Raghuprasad P.V.
Manager - Finance & Accounts

Cochin 16

Date 31-08-2000