

Tenth
Annual Report
2000 - 2001



**SREE SAKTHI
PAPER MILLS LIMITED**

DIRECTORS

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

BANKERS

State Bank of India

AUDITORS

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

REGISTERED OFFICE:

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

FACTORIES

KRAFT PAPER UNIT:

Development Area,
Edayar, Alwayar.

DUPLEX BOARD UNIT:

Kanjirapilly
Chalakkudy.

SREE SAKTHI PAPER MILLS LIMITED

Regd. Office: Sree Katlas, 39/2724 - A,
Palam Road, Cochin-682 016.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Tenth Annual General Meeting of the shareholders of the Company will be held at 4.30 p.m. on Saturday the 29th September 2001 at Hotel Abud 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, 2001 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri S. Subramaniam, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. E. Kamalan, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Cochin-16,
01.09.2001.

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

R. Ponnambalam,
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be 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. Members are requested to notify their change of address, if any.
3. The accounts, the reports and all other documents required under the law to be annexed thereto will be available for inspection during working hours from 10 a.m to 1 p.m. at the Registered Office of the Company on any working day except Saturdays and Sundays prior to the date of the Annual General Meeting.

Directors Report to the Shareholders

Your Directors have pleasure in presenting the Tenth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	2000-2001	1999-2000
	Rs. Lakhs	Rs. Lakhs
Sales (Net)	3225.48	3054.99
Operating Profit	339.30	406.63
Interest and finance	232.81	227.18
Depreciation	90.57	86.55
Profit before tax	15.92	92.90
Provision for Tax	1.35	10.00
Profit after tax	14.57	82.90
Income tax relating to earlier year	0.07	1.86
Balance of profit brought forward	67.13	40.80
Amount available for appropriation	81.63	121.84
Appropriation		
General Reserve	----	30.00
Proposed Dividend & Tax on dividend	----	24.71
Retained profits carried to Balance Sheet	81.63	67.13

REVIEW OF OPERATIONS 2000-2001

During the year under review, your Company has achieved 4.5% production growth. Production was 25024 MT as compared to 23930 MT during the previous year. The Company sold 24348 MT during the year as against 24040 MT in previous year representing 1.3% increase in sales. However, despite performing well by adopting measures to control manufacturing, administrative and selling expenses, the operating profits have substantially dropped. This was mainly due to the steep increase in imported raw material prices which went up to US\$215 from US\$125 causing nearly 37.5% increase in consumption rate of imported raw materials. Though the average sales realisation has improved over the previous financial year, the increase in sale rate growth was only 4.2% which had not fully compensated the increase in cost of raw material input, resulting in dwindling of profits and causing working capital strain. Although there is reduction in Interest on Term loans, the gain on this account has been negated by the increase in Financing charges, due to working capital shortage.

Your Company, therefore, achieved only a net profit of Rs.15.92 lakhs compared to Rs.92.90 lakhs in previous year, due to reasons explained above.

Your Directors are pleased to report that the Ediyar unit of the Company has also been awarded ISO 9002 certificate.

PROSPECTS FOR 2001-2002

The current year's performance so far is satisfactory and with the fall in prices of imported raw materials and by taking effective measures to cut down costs in order to remain competitive, achievement of satisfactory results by way of reasonable profits is envisaged. However, the steep hike in Excise duty imposed in Union Budget 2000 on paper and paper products (increased to 16% from 8%) is continued in 2001 Budget also jeopardizing better sales realization rate. The 25% increase in Electricity charges recently imposed by State Government could have adverse impact on the profits margins of the Company.

INDUSTRIAL RELATIONS

With the excellent support and cordial relations extended by the employees at all the Company's units, your company could achieve satisfactory levels of performance.

DIVIDEND

In view of extreme financial strain now faced by the Company, there is utmost necessity to augment working capital requirements of the Company. Under the circumstances, your Directors feel it would be prudent to plough back the meagre profits earned by the Company fully to meet working capital shortage and therefore, do not propose any dividend.

BOARD OF DIRECTORS

In accordance with Article 83 of the Articles of Association of the Company, Sri S. Subramaniam and Smt. E. Karnalan 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. 541.25 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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 Directors report that

- 1) in the preparation of the annual accounts for the financial year ended 31st March 2001 the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 2) the directors had selected such accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- 3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4) the directors had prepared the Annual accounts for the financial year ended 31st March 2001 on a 'going concern' basis.

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 share holders 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.

Kochi-16

Date-27-08-2001

By and on behalf of the Board of Directors

Sd/-

S. Sivathani Pillai
Chairman

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	1,27,91,120	1,27,82,160
Total Amount	1,93,18,442	1,81,11,238
Rate/Unit	1.51	1.42
b. Own Generation		
(1) Through Diesel Generator		
Unit	7,05,886	9,15,708
Unit per Lit. of diesel oil	3.46	3.35
Cost/Unit	5.01	4.05
(2) Through steam turbine/generator	-	-
2. Coal	-	-
3. Furnace Oil	-	-
4. Others/Internal generation	-	-
B. Consumption per unit of production		
Electricity (kwh)	540	573
Furnance 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, 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.

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: mohn@nd4.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, 2001 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 accounts.
 - (d) In our opinion, Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) We are informed by the Company on the basis of declaration by the directors and placed before the Board meeting that none of the directors is disqualified from being appointed as director as under Clause (g) of Sub Section (i) of Section 274 of the Companies Act, 1956.
 - (f) 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, 2001 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.

Cochin-18
27.8.2001

For BALAN & CO.
Chartered Accountants

A. MOHANAN BSc. FCA.
Partner

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 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 subsection (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 pur-

stance 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 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 prescribed by the Central Government u/s 209 (1) (d) of the Companies Act, 1956.
17. The Company is mostly 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.

Cochin-18
27.8.2001

For BALAN & CO
Chartered Accountants

A. MOHANAN BSc. FCA.
Partner

BALANCE SHEET AS AT 31ST MARCH 2001

Particulars	No.	31.3.2001 Rupees	31.03.2000 Rupees
I. SOURCES OF FUNDS			
1) Share Holders' Funds:			
(a) Capital	1	2,02,50,000	2,02,50,000
(b) Reserves & Surplus	2	6,69,03,079	6,69,53,461
		<u>8,86,53,079</u>	<u>8,72,03,461</u>
(2) Loan Funds:			
(a) Secured Loans	3	10,04,43,872	12,76,83,384
(b) Unsecured Loans	4	99,73,118	23,07,100
		<u>10,44,16,990</u>	<u>12,99,90,384</u>
TOTAL		<u>19,30,70,069</u>	<u>21,71,93,845</u>
II. APPLICATION OF FUNDS			
(1) Fixed Assets:	5		
(a) Gross Block		18,31,22,768	17,99,75,620
(b) Less: Depreciation		<u>5,06,70,101</u>	<u>4,16,12,766</u>
		13,24,52,667	13,83,62,854
(c) Capital work in progress		19,64,529	21,08,290
(d) Net Block		<u>13,44,17,196</u>	<u>14,04,71,144</u>
(2) Investments:	6	35,230	1,69,000
(3) Current Assets, Loans & Advances:			
(a) Inventories	7	4,75,58,367	2,70,93,304
(b) Cash & Bank balance	8	1,12,50,008	72,92,694
(c) Sundry Debtors	9	5,62,88,184	8,62,51,706
(d) Loans & Advances	10	85,50,134	79,80,267
		<u>12,36,46,693</u>	<u>12,86,17,971</u>
Less: Current Liabilities and Provisions	11		
(a) Current Liabilities		6,25,40,646	4,76,77,991
(b) Provisions		<u>24,88,404</u>	<u>43,86,279</u>
Net Current Assets		<u>5,86,17,643</u>	<u>7,65,53,701</u>
TOTAL		<u>19,30,70,069</u>	<u>21,71,93,845</u>

Accounting policies & Notes on accounts 20

By order of the Board
S. Sivathana Pillai
Chairman
A.S. Uma
Director

S. Rajkumar
Managing Director
Cochin-16, Dt. 27.08.2001

R. Ponnambalam
Company Secretary

Reguprasad P.V.
Manager (Finance & Accounts)

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

A. Mohan B.Sc., F.C.A.
Partner
Cochin-18
Dt. 27.08.2001

SREE SAKTHI PAPER MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2001

	No.	31.3.2001 Rupees	31.03.2000 Rupees
INCOME			
Sales	12	35,80,87,006	33,18,68,415
Other Income	13	11,93,463	9,11,076
Increase / (-) Decrease in Stock	14	82,86,700	-23,94,773
Total		<u>36,75,67,169</u>	<u>33,03,84,720</u>
EXPENDITURE			
Manufacturing Expenses	15	24,91,68,081	21,66,32,458
Excise Duty		3,55,18,193	2,63,68,856
Payments to & Provision for Employees	16	2,72,34,531	2,42,87,934
Administrative Expenses	17	1,52,57,872	1,58,54,406
Selling & Distribution Expenses	18	64,58,288	54,41,979
Interest & Finance Charges	19	2,32,81,222	2,27,18,337
Loss on sale of Fixed Asset		0	11,35,450
Total		<u>35,69,18,187</u>	<u>31,24,39,420</u>
Profit before Tax and Depreciation		1,06,48,982	1,79,45,300
Depreciation		90,57,335	86,55,212
Profit before Tax		15,91,647	92,90,088
Provision for Taxation		1,35,000	10,00,000
Profit after Tax		14,56,647	82,90,088
Less: Income Tax relating to earlier year		7,029	1,85,864
		14,49,618	81,04,224
Add: Balance brought forward from previous year		67,13,461	40,79,737
		<u>81,63,079</u>	<u>1,21,83,961</u>
APPROPRIATIONS			
Proposed Dividend		0	20,25,000
Corporate Dividend tax		0	4,45,500
Transfer to General Reserve		0	30,00,000
Balance carried to Balance Sheet		<u>81,63,079</u>	<u>67,13,461</u>
Accounting policies & Notes on accounts 20			

By order of the Board

S. Sivathana Pillai
Chairman

A.S. Unni
Director

S. Rajkumar
Managing Director
Cochin-16, Dt. 27.08.2001.

R. Ponnambalam
Company Secretary

Reghuprasad P.V.
Manager (Finance & Accounts)

Subject to our report of even date

For Balan & Co.
Chartered Accountants

A. Mohanan B.Sc., F.C.A.
Partner
Cochin-18
Dt. 27.08.2001

**SCHEDULE ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH 2001**

Particulars	31.3.2001 Rupees	31.3.2000 Rupees
I. 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)	<u>2,02,50,000</u>	<u>2,02,50,000</u>
	<u>2,02,50,000</u>	<u>2,02,50,000</u>
II. 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	5,30,00,000
iv) Profit & Loss Account	81,63,079	67,13,461
	<u>6,84,83,079</u>	<u>6,69,53,461</u>
III. SECURED LOANS		
(i) Term Loans		
a. Kerala State Industrial Development Corp. Ltd	0	13,57,042
b. Kerala Financial Corporation	7,59,462	16,39,220
c. Industrial Development Bank of India	0	4,00,00,000
d. State Bank of Hyderabad	18,75,000	33,75,000
e. State Bank of India	2,91,00,000	0
(ii) Equipment Finance Loan		
a. For Coating Plant from IDBI	0	75,00,000
b. For D.G. Set from KSIDC	0	1,70,000
c. For Boiler from KSIDC	20,33,127	21,20,000
(iii) Interest accrued and due on above loans	13,36,930	49,16,658
(iv) S.B.I Factors and Commercial Service Ltd.	89,74,532	94,90,098
(v) Cash Credit Loan from State Bank of India	5,63,64,821	5,71,15,366
	<u>10,04,43,872</u>	<u>12,76,83,384</u>

SREE SAKTHI PAPER MILLS LIMITED

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. Term loan (i) (c) is further to be secured by second charge over the current assets of the company.
2. Equipment Finance Term Loan (ii) (a) by exclusive charge over coating plant/other assets acquired under the assistance (ii) (b) by exclusive charge over the DG set acquired under the assistance and (ii) (c) by exclusive charge over the Boiler under the assistance.
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 1 above ranking subsequent and subservient to the charges created in favour of Lenders as per 1 above.
5. Loans under (i) a, b and c 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.

	31.3.2001	31.03.2000
	Rupees	Rupees
4. UNSECURED LOANS		
1. From Directors	12,05,618	57,000
2. From Others	17,50,000	22,50,000
3. Short term loan from KSIDC	10,17,500	0
	<u>39,73,118</u>	<u>23,07,000</u>
6. INVESTMENTS - AT COST		
1. Equity shares in IDBI (Value as on 31.3.01 Rs. 27.10 Share)	35,230	1,69,000
7. INVENTORIES		
1. Raw Materials & Packing Materials	2,39,67,432	1,08,39,335
2. Work-in-Process	1,97,389	2,83,011
3. Finished Goods	1,25,12,344	41,30,992
4. Stock in transit	0	51,789
5. Stores, Spares & Fuel	1,08,81,232	1,17,79,177
	<u>4,75,58,367</u>	<u>2,70,93,304</u>
8. CASH AND BANK BALANCE		
1. In Current Account with Scheduled banks	34,032	29,122
2. Cash on Hand	12,28,913	12,46,656
3. T.T. in Transit	17,90,000	0
4. F.D. / R.D. with State Bank of India	81,97,063	60,16,916
	<u>1,12,50,008</u>	<u>72,92,694</u>

Sl. No.	Particulars	COST BLOCK			DEPRECIATION BLOCK			NET BLOCK	
		Bal. as on 31.03.2000	Additions dur- ing the year	Total on 31.03.2001	Up to 31.03.2000	For the year	Total on 31.03.2001	As on 31.03.2000	As on 31.03.2001
1	Land	42,81,946	0	42,81,946	0	0	0	42,81,946	42,81,946
2	Buildings	2,73,07,091	3,64,777	2,76,71,868	43,25,245	8,21,712	51,46,957	2,29,81,846	3,25,34,911
3	Furniture & Fixture	10,55,192	91,684	11,46,876	5,23,885	85,279	6,09,164	5,31,907	5,37,712
4	Plant & Machinery	14,00,83,003	25,49,610	14,86,32,613	3,63,92,985	80,78,126	4,44,71,111	10,96,90,018	10,41,61,562
5	Office Equipment	12,48,388	1,41,077	13,89,465	3,70,651	72,218	4,42,869	8,77,737	9,46,506
	Total	17,09,73,620	31,47,148	18,31,22,768	4,16,12,766	90,57,335	5,06,70,101	13,83,62,854	13,24,52,067
	Figures for the previous year	17,57,50,015	47,25,607	17,99,75,620	3,33,94,104	92,18,062	4,16,12,766	14,18,55,009	13,83,62,854

SHREE SAKTHI PAPER MILLS LIMITED

Sl. No	Particulars	31.3.2001 Rupees	31.03.2000 Rupees
9. SUNDRY DEBTORS			
	Over Six months		
	Unsecured Considered Good	1,22,62,478	1,02,12,898
	Other Debts		
	Unsecured Considered Good	4,07,57,032	7,82,03,446
		6,10,19,510	8,84,16,344
	Less : Provision for bad debts	47,31,326	21,64,638
		<u>5,62,88,184</u>	<u>8,62,51,706</u>
10. LOANS AND ADVANCES			
<u>(Unsecured considered good)</u>			
	1. Prepaid Expenses	3,62,925	9,25,328
	2. Deposits	38,75,148	24,63,739
	3. Other Advances	53,12,061	45,91,200
		<u>95,50,134</u>	<u>79,80,267</u>
11. CURRENT LIABILITIES & PROVISIONS			
(a) CURRENT LIABILITIES			
	1. Sundry Creditors		
	Amount due to SSI units	64,816	1,58,143
	Other than SSI units		
	(a) Supplies	4,08,36,171	2,06,80,202
	(b) Expenses	31,31,941	78,71,252
	(c) Stores & Spares	45,21,702	57,95,008
	(d) Capital Purchases	2,86,520	3,35,700
	2. Interest accrued but not due on Loans	44,800	23,97,820
	3. Other Liabilities	1,36,74,696	1,04,38,876
		<u>6,25,40,646</u>	<u>4,76,77,991</u>
b) PROVISIONS			
	Provision for Income Tax	11,35,000	10,00,000
	for Dividend and corporate dividend tax	0	24,70,500
	Provision for Gratuity	13,53,404	9,15,779
		<u>24,88,404</u>	<u>43,86,279</u>

SHREE BAKHTI PAPER MILLS LIMITED

Schedules annexed to & forming part of Profit & Loss Account for the year ended 31.03.2001

Sch. No.	Particulars	31.3.2001	31.03.2000
		Rupess	Rupess
12. SALES			
SALES		36,26,85,977	33,91,23,085
Less : Discount		45,98,971	22,54,070
		<u>35,80,87,006</u>	<u>33,18,68,415</u>
13 OTHER INCOME			
Interest Received gross		6,75,058	2,50,624
Dividend Received		5,850	5,850
Others		5,12,555	6,54,602
		<u>11,93,463</u>	<u>9,11,076</u>
14. INCREASE IN STOCK			
Closing Stock			
Finished Goods		1,25,12,314	41,39,992
Work in Progress		1,97,389	2,83,011
Less : Opening Stock			
Finished goods		41,39,992	56,01,076
Work in progress		2,83,011	12,16,098
		<u>82,86,700</u>	<u>-23,94,771</u>
15. MANUFACTURING EXPENSES			
Raw Materials consumed		18,09,67,794	14,47,79,966
Packing Materials consumed		44,27,495	43,42,391
Power & Fuel consumed		3,19,21,886	3,72,70,092
Stores, Spares and Consumables		1,49,32,176	1,41,88,037
Freight Inwards		1,00,12,709	93,45,269
Repairs and Maintenance - Plant & Machinery		22,92,077	21,05,679
Repairs and Maintenance - Building		7,41,457	3,70,323
Insurance Expenses - Works		4,23,889	8,60,031
Factory Expenses		1,87,298	1,11,769
Coolie charges		32,61,300	32,38,901
		<u>24,91,68,081</u>	<u>21,66,32,458</u>
16. PAYMENTS TO AND PROVISION FOR EMPLOYEES			
Salaries, Wages & Allowances		2,12,07,125	1,89,47,524
Gratuity & Ex-gratia		6,400	51,425
Bonus		18,98,066	16,24,488
Gratuity		4,62,014	4,70,741
Staff Welfare Expenses		18,29,341	19,70,643
Medical Expenses		1,23,638	1,95,844
Employer's contribution to P.F.		10,61,601	7,26,912
Employer's contribution to E.S.I.		6,46,348	3,40,337
		<u>2,72,34,531</u>	<u>2,42,87,934</u>

17. ADMINISTRATIVE EXPENSES

	31.3.2001 Rupees	31.03.2000 Rupees
Office & General Expenses	3,93,150	3,28,941
Travelling expenses	37,55,418	38,29,343
Remuneration to Whole Time Directors	8,64,000	8,64,000
Vehicle Maintenance	6,52,850	6,94,783
Rent	3,46,700	4,06,306
Professional Service Charges	14,45,449	13,59,056
Proja Expenses	6,79,281	5,43,702
Printing and Stationery	4,19,696	4,46,317
Telephone, Postage and Telegram	16,95,965	22,13,041
Hire charges	15,89,052	19,29,033
Repairs and Maintanaces - others	18,57,452	19,56,617
Books and Periodicals	13,350	16,344
Insurance Premium	1,77,058	2,52,905
Auditors Remuneration for Audit	85,000	85,000
for Tax and Sales Tax Audit	17,500	17,500
for Taxation matters and Out of pocket exp.	2,100	17,325
Rates and Taxes	3,93,096	2,96,023
Donation	4,88,820	3,14,535
Sitting Fee	62,000	46,000
Subscription and Membership	1,92,313	44,400
Entertainment Expenses	89,420	89,457
Advertisement Charges	1,28,193	1,33,780
	<u>1,52,57,872</u>	<u>1,58,54,406</u>

18 SELLING AND DISTRIBUTION EXPENSE

Freight Outwards	4,41,042	6,45,809
Cash Discount	15,29,442	6,83,073
Sales promotion expenses	19,21,116	17,48,459
Provision for Bad debts	25,66,688	23,64,638
	<u>64,58,288</u>	<u>54,41,979</u>

19 INTEREST AND FINANCE CHARGES

Interest - Loans	68,38,567	98,48,745
Interest - Others	1,46,63,524	1,12,40,410
Finance Charges	13,61,879	10,62,468
Lease Expenses	4,17,312	5,91,714
	<u>2,32,81,222</u>	<u>2,27,43,337</u>

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:

Item 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:

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

3. Fixed Assets & Depreciation:

Depreciation on 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 of MODVAT has been taken.

4. Investments:

Investments are stated at cost or market price whichever is lower.

5. Inventory:

Inventory of raw materials and consumables are valued at cost. Finished Goods are valued at cost or net realisable value whichever is lower. Cost for the purposes of valuation of finished goods includes cost of direct material, labour and other direct overheads. 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 exchange transactions outstanding as at the end of the year is stated at the exchange rate prevailing on that date.

7. Others:

- Contingent Liabilities are not provided for and are disclosed in notes to the accounts.
- Granny liability is worked out based on actuarial valuation.

B. NOTES ON ACCOUNTS

1. Managerial Remuneration:

	Managing Director	Executive Director
Salary	Rs. 1,60,000	2,16,000
House Rent Allowance	Rs. 1,80,000	1,08,000
	<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. 708.58 lacs (Previous Year Rs. 457.03 Lacs)

3. Raw Materials consumed

	Quantity Tonnes	Value Rs. Lacs
Imported Waste Paper	8642.478 (9188.035)	752.75 (563.39)
Indigenous Waste Paper	19907.090 (16930.648)	959.93 (779.55)
Chemicals	1531.979 (1639.207)	96.98 (104.87)

4. Finished Goods

Particulars of Paper & Paper Boards	Quantity Tonnes	Gross Value Rs. Lacs
Opening Stock	384.255	41.19
Production	(493.969) 25024.013	(56.01) 3699.67
Sales	(23929.917) 24348.054	(3365.51) 3616.17
Closing Stock	(24039.631) 1060.214 (384.255)	(3380.33) 124.69 (41.19)

Sale of Electricity 4,30,020 Units Rs. 10.68 Lacs (Previous Year 4,41,170 Units Rs. 10.89 Lacs)

5. Work-in-Process

	Quantity Tonnes	Value Rs. Lacs
Opening	36.40	2.83
Closing	(105.35) 28.11 (36.40)	(12.17) 1.97 (2.83)

ORU SARTH PAPER MILLS LIMITED

6. Percentage of consumption of Raw Materials

	Rs. Lacs	Percentage to total
Imported	752.25 (563.39)	41.60% (38.91%)
Indigenous	1056.92 (884.40)	58.40% (61.09%)

7. Sales are inclusive of Excise Duty & Cess.

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. Electricity charges is net of Rs. 29,84,495/- being excess electricity charges relating to earlier year refunded.

12. Contingent Liabilities not provided for

a. Unexpired Contracts for Capital expenditure Rs. 2.00 Lacs. (Previous year Rs. 2.00 Lacs).

b. Claims against the company not acknowledged as debts Rs. 1.00 Lacs (previous year 1.31 Lacs)

c. Usance Letter of Credit remaining unpaid as on 31.03.2001 amounts to Rs. 264.11 Lacs (previous year 154.59 Lacs)

13. Capacity	Paper & Paper Boards (MT)	Electricity
Licensed Capacity (Registered with S.I.A)	22,500 (18,900)	Not required
Installed Capacity	28,800 (19,800)	250 KW 250 KW
Actual Production	25,024 (23,930)	4,30,020 Units (4,41,170) Units

14. Professional service charges include Rs. 36,000/- to a director (Previous Year Rs. 36,000/-)

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 31.3.2001.

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 2001
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)

	31.03.2001
	Rupees
Total Liabilities	1,93,070
Total Assets	1,93,070
Sources of Funds-	
Paid-up Capital	20,250
Reserves & Surplus	68,403
Secured Loans	1,00,444
Unsecured Loans	3,973
Deferred Payment Credit	Nil
Application of Funds	
Net Fixed Assets	1,34,417
Investments	35
Net Current Assets	58,618
Miscellaneous Expenditure	Nil
d) Performance of the Company	
Turnover (including other income)	3,58,087
Total Expenditure	3,56,496
Profit before Tax	1,591
Profit after Tax	1,409
Earnings per share	Rs. 0.72
Dividend rate percentage (proposed)	Nil

SHREE SAKTHI PAPER MILLS LIMITED

E) Generic names of three principal 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 20:

By order of the Board

S. Sivathanu Pillai
Chairman

A.S. Unni
Director

S. Rajkumar
Managing Director

Cochin-18
Dt. 27.08.2001.

Ponambalam R.
Company Secretary

Reghuprasad P.V.
Manager-Finance & Accounts

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

A. Mohanan, B.Sc., F.C.A.
Partner
Cochin-18
Dt. 27.08.2001

