

23rd

**DIRECTORS' REPORT
AND ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH, 2002**

SHREE BHAWANI



PAPER MILLS LIMITED

SHREE BHAWANI PAPER MILLS LIMITED

DIRECTORS

Shri Badri Vishal Tandon
Shri J.S. Matharu
Shri Om Nath Kapoor
Shri C.M. Krishna
Shri K. A. Pai
Shri Sushil Khanna
Shri Sudhir Tandon, Managing Director
Shri Girish Tandon, Joint Managing Director

COMPANY SECRETARY

Smt. Babita Jain

AUDITORS

M/s B. Chhawchharia & Co.
Chartered Accountants

BANKERS

Bank of Baroda
Indian Bank

REGISTERED & ADMINISTRATIVE OFFICE

33, Dayanand Marg, Allahabad -211 002

MILLS

Industrial Area No. 1, Sultanpur Road,
Rae Bareli—229 010

REGISTRAR & SHARE TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.
123, Vinoba Puri,
Lajpat Nagar-II
New Delhi 110 024

SHREE BHAWANI PAPER MILLS LIMITED

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SHREE BHAWANI PAPER MILLS LIMITED

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of SHREE BHAWANI PAPER MILLS LIMITED will be held at the Registered Office of the Company at 33, Dayanand Marg, Allahabad- 211 002, on Wednesday, the 21st August, 2002 at 1.00 P.M. to transact the following Business :-

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended 31st March, 2002, the Report of the Auditors and the Report of the Directors, thereon.
2. To declare Dividend on Equity Shares for the financial year ended 31st March, 2002.
3. To appoint a Director in place of Shri Om Nath Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K.A. Pai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the year and in this connection, to consider, and if thought fit, to pass, with or without modification(s), the following Resolution as Ordinary Resolution :

"RESOLVED THAT M/s B. Chhawchharia & Co., Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of next Annual General Meeting at a remuneration of Rs. 55,000/- (Rupees fifty five thousand only) plus service tax, as applicable, and travelling and other out of pocket expenses."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Sushil Khanna, who was appointed by the Board of Directors of the Company as an Additional Director and who holds the office upto the date of the Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing the candidature of Shri Sushil Khanna for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

BY ORDER OF THE BOARD

REGISTERED OFFICE :
33, DAYANAND MARG
ALLAHABAD - 211 002

BABITA JAIN
COMPANY SECRETARY

DATED : 12TH JUNE, 2002

SHREE BHAWANI PAPER MILLS LIMITED

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th August, 2002 to 21st August, 2002 (both days inclusive).
4. Members are requested to intimate change, if any, in their addresses.
5. Pursuant to Section 205-A of the Companies Act, 1956, the following information is furnished:

The Unclaimed Dividend for Financial Years 1995-96, 1996-97, 1997-98 and 1998-99 are held in separate accounts for each year.

Consequent upon amendment in Section 205-A of the Companies Act, 1956, and introduction of Section 205-C, by the Companies (Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. It may be noted that no claims will be against the Company or the Investor Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the Fund.

Those Members who have so far not encashed their dividend warrants for the year 1995-96, 1996-97, 1997-98 and 1998-99 may immediately approach the Company with their dividend warrants for encashment.

6. Under the provisions of the Companies Act, 1956, facility for making nominations is now available to the shareholders and fixed deposit holders in respect of the shares or deposits held by them. Nomination form can be obtained from Registered Office of the Company at Allahabad.
7. Dividend, if any, declared at the Meeting will be payable to those members whose names appears in the Company's Register of Members on 21st August, 2002.
8. Members desiring to file tax exemption certificates or declarations in Form 15G in duplicate are required to ensure that these reach the Registered Office of the Company on or before 6th August, 2002. Members may please note that by virtue of the provisions of Section 194 of the Income-tax Act, 1961, no Tax will be deducted from dividends upto Rs. 1000/- which are payable to resident individuals during the financial year.
9. The Equity Shares of the Company are listed at the following three (3) Stock Exchanges in India :
 1. The Uttar Pradesh Stock Exchange Association Ltd.
(Regional Stock Exchange)
Padam Tower
14/113, Civil Lines
KANPUR-208 001
 2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Tower
Dalal Street
MUMBAI-400 001
 3. The Delhi Stock Exchange Association Ltd.
'DSE House'
3/1 Asaf Ali Road
NEW DELHI-110 002
10. The Company has paid annual Listing Fee to each of the above Stock Exchanges for the financial year 2002-2003.

SHREE BHAWANI PAPER MILLS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

Shri Sushil Khanna, having expertise in financial & managerial matters, was appointed as Additional Director of the Company under Section 260 of the Companies Act, 1956 and Article 81(6) of the Articles of Association of the Company by Board of Directors at their Meeting held on 9th June, 2002 with effect therefrom and holds the office upto the date of forthcoming Annual General Meeting. Shri Sushil Khanna, being eligible, offers himself for the appointment at the Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose the appointment of Shri Sushil Khanna as Director of the Company. The Board considers it beneficial and in the interest of the Company to continue to have the advice of Shri Sushil Khanna and accordingly, recommend his appointment as Director of the Company.

Except Shri Sushil Khanna, none of the Directors of the Company is in any way concerned or interested.

REGISTERED OFFICE:
33, DAYANAND MARG
ALLAHABAD - 211 002

DATED : 12TH JUNE, 2002

BY ORDER OF THE BOARD

BABITA JAIN
COMPANY SECRETARY

SHREE BHAWANI PAPER MILLS LIMITED

DIRECTORS' REPORT

We have pleasure in presenting our 23rd Annual Report together with the audited accounts of the Company for the year ended 31st March 2002.

PERFORMANCE

The working of the Company during the year under review has been highlighted below :

	Year ended 31.03.2002	Year ended 31.03.2001
Production (Tonnes)	18517	18188
Sales	Rs. 4387 Lacs	Rs. 4681 Lacs
Gross Profit	556	433
Less : Interest	210	179
Depreciation for the year	128	130
Profit for the year before tax	218	124
Less : Provision for taxation	34	45
	184	79
Profit brought forward from last year	66	58
Investment Allowance (utilised)	-	29
Profit available for appropriation	250	166
Appropriations :		
Proposed Dividend on Equity Shares	41	
General Reserve	150	100
Surplus carried to Balance Sheet	59	66
	250	166

Production level has been maintained. Paper market remained lack lustre throughout the year. The profit of the Company has shown improvement largely due to astute cost control, and benefits flowing from the commissioning of the Co-generation Plant. Energy cost has come down considerably.

The Company needs to improve quality of its products in line with consumer demand. Next major step envisaged is to instal a new paper machine with significantly superior technology as compared to the existing almost two decade old machines whose technical upgradation have reached near saturation point. Depending upon favourable paper market conditions, efforts to procure and commission a new paper machine would be expedited.

CO-GENERATION PROJECT

The Co-generation Project has been successfully commissioned during the year and progressing well. The entire plant including boiler and steam turbine have the rated capacity of 3 MW and desired efficiency level

DIVIDENDS

Your Directors are pleased to recommend the payment of Dividend on 41,06,000 Equity Shares @ 10% amounting to Rs. 41,06,000/- subject to deduction of tax at source.

SHREE BHAWANI PAPER MILLS LIMITED

NOTICE

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ORDINARY BUSINESS

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2. To declare Dividend on Equity Shares for the financial year ended 31st March, 2002.
3. To appoint a Director in place of Shri Om Nath Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K.A. Pal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the year and in this connection, to consider, and if thought fit, to pass, with or without modification(s), the following Resolution as Ordinary Resolution :

"RESOLVED THAT M/s B. Chhawchharia & Co., Chartered Accountants, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of next Annual General Meeting at a remuneration of Rs. 55,000/- (Rupees fifty five thousand only) plus service tax, as applicable, and travelling and other out of pocket expenses."

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BY ORDER OF THE BOARD

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ALLAHABAD - 211 002

BABITA JAIN
COMPANY SECRETARY

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NOTES:

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2. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.
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10. The Company has paid annual Listing Fee to each of the above Stock Exchanges for the financial year 2002-2003.

SHREE BHAWANI PAPER MILLS LIMITED

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Except Shri Sushil Khanna, none of the Directors of the Company is in any way concerned or interested.

REGISTERED OFFICE:
33, DAYANAND MARG
ALLAHABAD - 211 002

DATED : 12TH JUNE, 2002

BY ORDER OF THE BOARD

BABITA JAIN
COMPANY SECRETARY

SHREE BHAWANI PAPER MILLS LIMITED

DIRECTORS' REPORT

We have pleasure in presenting our 23rd Annual Report together with the audited accounts of the Company for the year ended 31st March, 2002.

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DIVIDENDS

Your Directors are pleased to recommend the payment of Dividend on 41,06,000 Equity Shares @ 10% amounting to Rs. 41,06,000/- subject to deduction of tax at source.

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(e)

Under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the detailed information is enclosed as per Annexure-1.

PUBLIC DEPOSIT UNDER SECTION 58-A

During the year, the Company has accepted fixed deposits from public and shareholders and as on 31st March, 2002, fixed deposits from the public and shareholders aggregated to Rs. 195.45 lacs. There has been no unpaid/unclaimed/overdue deposit as on date.

DIRECTORS

Shri Sushil Khanna was co-opted as Additional Director on the Board of the Company with effect from 9th June, 2002 and he will hold office upto the forthcoming Annual General Meeting. Pursuant to the provisions of Section 257 of the Companies Act, 1956, a notice has been received from a member intending to propose his appointment as Director of the Company at the forthcoming Annual General Meeting.

Shri Om Nath Kapoor and Shri K.A. Pai, Directors of the Company, are retiring by rotation and are eligible for re-election.

AUDITORS

M/s B. Chhawchharia & Co., Chartered Accountants, Auditors of the Company, retire from their office. They are, however, eligible for re-appointment and have furnished certificate to the effect that their appointment will be in accordance with the limits specified in Sub-section (I-B) of Section 224 of the Companies Act, 1956. Your Directors recommend their re-appointment for the accounting year 2002-2003.

PARTICULARS OF EMPLOYEES

None of the Employee of the Company was in receipt of total remuneration of Rs. 12,00,000/- during the financial year under review or Rs. 1,00,000/- per month. Hence, the information under Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be furnished.

CORPORATE GOVERNANCE CODE

As per the Listing Agreement with the Stock Exchanges, the requirements of the Corporate Governance Code need to be implemented by your Company during the current financial year. However, several steps have already been taken to implement the requirements of the Code. The Code will be fully implemented during the current year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the year under review;

SHREE BHAWANI PAPER MILLS LIMITED

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

ACKNOWLEDGEMENT

Your Directors would like to express their thanks to the Financial Institutions and Banks for their co-operation and assistance from time to time. The Directors would also like to record their appreciation of the members of staff and workers, who inspite of constraints have been working hard for the Company and are maintaining cordial relations.

FOR AND ON BEHALF OF THE BOARD

SUDHIR TANDON
MANAGING DIRECTOR

GIRISH TANDON
JOINT MANAGING DIRECTOR

PLACE : NEW DELHI
DATED: 9TH JUNE, 2002

SHREE BHAWANI PAPER MILLS LIMITED

ANNEXURE I

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

I. CONSERVATION OF ENERGY

- (a) Certain Vacuum Pumps have been replaced in the Paper Machine Section with imported equipment having higher efficiency and lower power consumption.
- (b) High efficiency imported pulp pumps having lower power consumption have been installed in the Pulp Mill Section.
- (c) The Company has successfully commissioned Cogeneration System, using Paddy Husk as fuel, replacing Diesel generating sets, for captive power generation. This has reduced energy cost substantially. The extraction steam fed into the Paper Machine Section is of better quality and the Pulp Mill has an exclusive boiler. Both these measures improved the operations.
- (d) The above efforts shall help in further conservation of energy.
- (e) The required data as per Form-A of the Annexure to the aforesaid Rules is furnished below:

A. POWER AND FUEL CONSUMPTION

	Current year	Previous year
1. ELECTRICITY		
Own Generation		
a) Through Diesel Generators		
Units (KWH in lacs)	82.96	179.17
Units per litre of diesel oil	3.73	3.73
Diesel (Rs./Litre)	15.40	14.24
Rate/Unit (Rs.)	4.56	3.93
b) Through Steam Turbine		
Units (KWH in Lacs)	113.35	-
Units per Tonne of Fuel	502	-
Rate /Unit (Rs.)	1.45	-
2. PADDY HUSK		
Quantity (Tonnes)	29756	21468
Total Cost (Rs. in lacs)	194.97	127.98
Average Rate (Rs./Tonne)	655	596

B. CONSUMPTION PER UNIT PRODUCTION

Production (Tonnes)	18517	18188
Electricity (Units/Tonne)	1060*	985
Paddy Husk (Tonnes/Tonne)	1.61**	1.18

* Inclusive of Consumption for operation of Turbine equipments.

** Paddy Husk is used as fuel for producing steam which is used for paper manufacturing and power generation.

II. TECHNOLOGY ABSORPTION

The required particulars in Form-B with respect to technology absorption are as under:-

Research and Development (R & D)

1. R&D activities are carried out on continuous basis to improve process parameters, to save cost and/or better productivity as well as to find out suitable alternative raw materials for use in paper manufacturing.
2. As a result of above, alternative raw materials have been introduced and process cost have been cut down, resulting in better profitability.
3. For future, it is planned to carry out R&D in various areas of Mills to further improve the working.

Expenditure on R&D

- | | | |
|---|---|---|
| (a) Capital | : | Nil |
| (b) Recurring | : | Expenses incurred are charged to the respective heads and not allocated separately. |
| (c) Total | : | — |
| (d) Total R&D Expenditure as a percentage of total turnover | : | Not applicable in view of (b) above. |

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Efforts

Suitable steps are being taken to upgrade the Pulp Mill to reduce chemicals and energy consumption, and improve quality of finished products.

2. Benefits

There has been significant reduction in the power consumption as well as in the consumption of chlorine, used for bleaching pulp.

3. Imported technology (Imported during the last 5 years) : Nil

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. We are exporting paper to Nepal, and exploring the possibility of exporting to other countries.
2. Foreign Exchange earnings and outgo:
While there were no foreign exchange earnings, total foreign exchange outgo during the year amounted to about Rs. 44 Lacs on account of import of wood pulp, spares and travelling.

AUDITORS' REPORT

TO THE MEMBERS OF SHREE BHAWANI PAPER MILLS LIMITED

We have audited the attached Balance Sheet of SHREE BHAWANI PAPER MILLS LIMITED as at 31st March, 2002 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :-

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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;
- (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31, March 2002; and
 - b. in the case of the Profit & Loss Account, of the profit for the year ended on that date.

for B. CHHAWCHHARIA & CO.,
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 9TH JUNE, 2002

(P.L. GUPTA)
PARTNER

SHREE BHAWANI PAPER MILLS LIMITED

ANNEXURE

RE: SHREE BHAWANI PAPER MILLS LIMITED

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 major assets have been physically verified by the management during the year and there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials excluding materials in transit and lying with the third parties have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion, that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
7. The Company has not taken any loan during the year from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. We have been informed that there is no company 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, secured or unsecured to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained there is no company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
9. Employees to whom interest free loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts as per stipulation, wherever such stipulation exists.
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 purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public.

SHREE BHAWANI PAPER MILLS LIMITED

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. There is no by-product arising out of the manufacturing process of the Company.
15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have generally been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty and Excise Duty were outstanding as at 31.03.2002 for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us, no personal expenses of employees 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 B. CHHAWCHHARIA & CO,
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 9TH JUNE, 2002

(P.L. GUPTA)
PARTNER

SHREE BHAWANI PAPER MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2002

SCHEDULE		As at 31-03-2002 Rupees	As at 31-03-2001 Rupees
I. SOURCES OF FUNDS:			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	41060000	41060000
(b) Reserves & Surplus	2	75999653	66702762
		<u>117059653</u>	<u>107762762</u>
2. LOAN FUNDS			
(a) Secured Loans	3	169090533	157537226
(b) Unsecured Loans	4	38741398	34274522
		<u>207831931</u>	<u>191811748</u>
3. DEFERRED TAX LIABILITY (Refer Note No. 7 of Schedule 20)		6713846	
TOTAL		<u>331605430</u>	<u>299574510</u>
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS			
(a) Gross Block	5	356715113	245241692
(b) Less : Depreciation		136930551	124947148
(c) Net Block		219784562	120294544
(d) Capital Work-in-Progress		1100000	73519393
		<u>220884562</u>	<u>193813937</u>
2. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	6	100775359	92216576
(b) Sundry Debtors	7	40547323	39677686
(c) Cash & Bank Balances	8	4229861	15952543
(d) Loans & Advances	9	7720917	10258244
		<u>153273460</u>	<u>158105049</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	10	37326356	50920845
(b) Provisions	11	5226236	1464598
		<u>110720868</u>	<u>105719606</u>
3. MISCELLANEOUS EXPENDITURE 12			40967
(to the extent not written off or adjusted).			
TOTAL		<u>331605430</u>	<u>299574510</u>

NOTES FORMING PART OF THE ACCOUNTS 20
As per our report of even date.

for **B. CHHAWCHHARIA & CO.,**
CHARTERED ACCOUNTANTS

(P. L. GUPTA)
PARTNER

SUDHIRTANDON
MANAGING DIRECTOR

GIRISH TANDON
JOINT MANAGING DIRECTOR

PLACE : NEW DELHI
DATED : 9TH JUNE, 2002

BABITA JAIN
COMPANY SECRETARY

BADRI VISHAL TANDON }
J.S. MATHARU } DIRECTORS
C.M. KRISHNA }
SUSHIL KHANNA }
K.A. PAI }

SHREE BHAWANI PAPER MILLS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	SCHEDULE	2001-2002 Rupees	2000-2001 Rupees
INCOME			
Sales	13	438679086	468089234
Other Income	14	821320	1104393
		439500406	469193627
EXPENDITURE			
Materials	15	198004232	218135269
Payments & Benefits to Employees	16	44500179	41929153
Power & Fuel		54290280	81236443
Excise Duty		53614129	53892606
Cost of Borrowings	17	20978007	17864568
Other Expenses	18	33447299	30688087
		404834126	443746126
Profit before depreciation & taxation		34666280	25447501
Depreciation		12849543	13008439
Profit before taxation		21816737	12439062
Provision for taxation	19	3368980	4500000
Profit after taxation		18447757	7939062
Balance brought forward from last year		6633887	5839825
Investment Allowance (utilised) (Reserve written back)		-	2855000
Amount available for appropriations		25081644	16633887
Appropriations :			
Proposed Dividend		4106000	-
General Reserve		15000000	10000000
Balance carried to Balance Sheet		5975644	6633887
Basic/Diluted Earnings per Share (Rs) (Refer Note No. 8 of Schedule 20)		4.49	1.93

NOTES FORMING PART OF THE ACCOUNTS 20

As per our report of even date.

for **B. CHHAWCHHARIA & CO.,**
CHARTERED ACCOUNTANTS

(P. L. GUPTA)
PARTNER

SUDHIR TANDON
MANAGING DIRECTOR

GIRISH TANDON
JOINT MANAGING DIRECTOR

PLACE : NEW DELHI
DATED : 9TH JUNE, 2002.

BABITA JAIN
COMPANY SECRETARY

BADRI VISHAL TANDON
J.S. MATHARU
C.M. KRISHNA
SUSHIL KHANNA
K.A. PAI } DIRECTORS

SHREE BHAWANI PAPER MILLS LIMITED

SCHEDULE 1 : SHARE CAPITAL

	As at 31-03-2002 Rupees	As at 31-03-2001 Rupees
AUTHORISED		
15000000 Equity Shares of Rs. 10/- each	150000000	150000000
25000 - 13.5% Cumulative Redeemable Preference Shares of Rs. 100/- each	2500000	2500000
	152500000	152500000
ISSUED, SUBSCRIBED AND PAID-UP		
4106000 Equity Shares of Rs. 10/- each fully paid-up (including 326000 Equity Shares of Rs. 10/- each fully paid issued to Financial Institutions on conversion of part loan)	41060000	41060000
	41060000	41060000

SCHEDULE 2 : RESERVES AND SURPLUS

Capital Reserve			
As per last account	1568875		1568875
Capital Redemption Reserve			
As per last account	1000000		1000000
Investment Allowance Reserve			
As per last account		2855000	
Less: Transfer to Profit & Loss A/c	-	2855000	-
General Reserve			
As per last account		47500000	
Less: Cumulative Deferred Tax adjustments upto 31.03.2001	57500000		-
Less: 5044866			
Add: Transferred from Profit & Loss A/C	15000000		
	67455134	10000000	57500000
Profit & Loss Account	5975644		6633887
	75999653		66702762

SCHEDULE 3 : SECURED LOANS

I. TERM LOANS

Industrial Development Bank of India	8750000		13750000
The IFCI Limited	49331000		50263000
Indian Bank	25000000		12607986
Bank of Baroda	25000000		21540003
	108081000		98160989

(i) The Loans are secured by a 'Pari Passu' Joint Equitable Mortgage over the Company's immovable properties and a charge by way of hypothecation of movable assets of the Company both present and future subject to prior charges created on specified movable assets in favour of Company's Bankers for Working Capital.

Out of the Term Loans, Rs. 400 Lacs from IFCI Ltd. and Rs. 250 Lacs from Indian Bank are additionally secured by pledge of equity shares held by the Promoters in the Company.

(ii) Instalments of principal loan falling due within one year Rs. 103 Lacs (Previous Year Rs. 159 Lacs).

SHREE BHAWANI PAPER MILLS LIMITED

	As at 31-03-2002 Rupees	As at 31-03-2001 Rupees
II. OTHER LOANS & ADVANCES		
(a) From Banks	60370985	59376237
Secured by hypothecation of Stock of Raw Materials, Stores, Stock in process, finished goods, book debts, both present and future, and further secured by second mortgage and charge on immovable properties of the Company as by way of Collateral Security.		
All the above loans are guaranteed by the Managing Director and Joint Managing Director of the Company.		
(b) From Others :		
Hire Purchase Finance	638548	
Secured by hypothecation of specific asset.		
	169090533	157537226

SCHEDULE 4 : UNSECURED LOANS

Fixed Deposits*	19544598	15441372
Security Deposits	19196800	18833150
* Includes Rs. 1110000/- from Directors (Previous Year Rs. 200000/-)	38741398	34274522

SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at 31.03.2001 Rs.	Addi- tions Rs.	Deduc- tions Rs.	As at 31.03.2002 Rs.	Upto 31.03.2002 Rs.	As at 31.03.2002 Rs.	As at 31.03.2001 Rs.
Lease Hold Land	887530	—	—	887530	207087	680443	690304
Buildings	34132404	8287907	—	42420311	12918043	29502268	22385086
Plant & Machinery	195212142	102148111	—	297360253	113547705	183812548	91656936
Vehicles	9883280	1531497	1064524	10350253	6822737	3527516	3421098
Furniture, Fixture & Other Equipments	5126336	583330	12900	5696766	3434979	2261787	2141120
	245241692	112550845	1077424	356715113	136930551	219784562	120294544
Previous Year	244894725	4465639	3918672	245241692	124947148	120294544	129212100
Capital Work in Progress						1100000	73519393

Note : Capital Work in Progress includes Rs. 1100000/- (Previous Year Rs. 25051180/-) on account of advance against Capital Expenditure. Additions to Plant & Machinery includes Rs. 9400979/- being interest capitalised on borrowings.

SHREE BHAWANI PAPER MILLS LIMITED

SCHEDULE 6 : INVENTORIES (Certified and valued by the Management)	As at 31-03-2002 Rupees	As at 31-03-2001 Rupees
Raw Materials	29291524	37880613
Stores, Chemicals & Spare Parts	47320189	38548564
Finished Goods	22423677	14208119
Stock in process	1739969	1579280
	100775359	92216576
 SCHEDULE 7 : SUNDRY DEBTORS (Unsecured - Considered Good)		
Due for more than 6 months	239816	
Other Debts	40307507	39677686
	40547323	39677686
 SCHEDULE 8 : CASH & BANK BALANCES		
Cash in hand	531732	862069
Cheques in hand	-	1232634
With Scheduled Banks :		
In Current Account	1750464	12187840
In Fixed Deposit Account	1947665	1670000
	4229861	15952543
 SCHEDULE 9 : LOANS & ADVANCES (Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	7238375	6716998
Sundry Deposits	346164	370209
Balance with Central Excise Department	136378	3171037
	7720917	10258244
 SCHEDULE 10 : LIABILITIES		
Sundry Creditors (including Rs. 756630/- due to Directors; 2000-2001, Rs. 159310/-)	30924155	45960707
Advances from Customers	1144096	276510
Unclaimed Dividends	212783	209883
Other Liabilities	2364012	2116709
Interest accrued but not due on loans	2681310	2357036
	37326356	50920845
 SCHEDULE 11 : PROVISIONS		
Proposed Dividend	4106000	-
Income Tax (Net of Advances)	1120236	1464598
	5226236	1464598
 SCHEDULE 12 : MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Share Issue Expenses	-	40967
	-	40967

SHREE BHAWANI PAPER MILLS LIMITED

	2001-2002 Rupees		2000-2001 Rupees
SCHEDULE 13: SALES			
SALES	457912317		486130389
Less : Rebate & Discounts	19233231	438679086	18041155
		438679086	468089234
SCHEDULE 14: OTHER INCOME			
Interest - Deposits with Banks (Tax Deducted at Source Rs. 107713/-, 2000-2001 Rs: 58051/-)	245415		232847
Interest - Others	75961		425
Insurance Claim	26600		
House Rent	216435		412859
Profit on Sale of Fixed Assets (Net)	68716		128244
Miscellaneous Receipts	188193		330018
	821320		1104393
SCHEDULE 15: MATERIALS			
A. CONSUMPTION OF RAW MATERIALS			
Opening Stock	37880613		34755316
Add : Purchases	60206860		85710015
	98087473		120465331
Less : Closing Stock	29291524	68795949	37880613
			82584718
B. (INCREASE)/DECREASE IN STOCKS			
Opening Stock :			
Finished Goods	14208119		16045737
Stock in Process	1579280		1930867
	15787399		17976604
Less :			
Closing Stock :			
Finished Goods	22423677		14208119
Stock in process	1739969		1579280
	24163646	-8376247	15787399
			2189205
C. CONSUMPTION OF STORES, CHEMICALS & SPARE PARTS			
		137584530	133361346
		198004232	218135269
SCHEDULE 16: PAYMENTS & BENEFITS TO EMPLOYEES			
Salaries, Wages, Bonus & Allowances	38425429		36538255
Workmen and Staff Welfare Expenses	3087920		2811206
Employer's Contribution to Provident Fund & Other Funds	2986830		2579692
	44500179		41929153

SHREE BHAWANI PAPER MILLS LIMITED

	2001-2002 Rupees	2000-2001 Rupees
SCHEDULE 17 : COST OF BORROWINGS		
Interest		
Fixed Loans*	11601716	9294923
Bank Borrowings etc.	9376291	8569645
* Includes Rs. 184014/- paid to Directors (Previous Year Rs. 10881/-)	20978007	17864568
SCHEDULE 18 : OTHER EXPENSES		
Repairs & Maintenance:		
Buildings	563005	418094
Plant & Machinery	6490842	8045813
Others	175033	340358
	7228880	8804265
Rent	360000	360000
Rates & Taxes	319588	373301
Insurance	1424769	1243862
Travelling & Conveyance	2943501	2337927
Postage, Telegram & Telephone	1430038	1443171
Printing & Stationery	523958	365784
Legal Expenses & Professional Fee	268852	312004
Advertisement & Publicity	592123	880112
Freight, Forwarding & Other Selling Expenses	9738892	6691895
Directors' Fee & Commission	551142	80500
Directors' Travelling Expenses	59689	67501
Selling Agents Commission	4488272	3927016
Auditors' Remuneration:		
(including service tax, as applicable)		
Audit Fee	57750	52500
Tax Audit Fee	10500	10500
Other Services	18375	19950
Reimbursement of Expenses	7500	7500
	94125	90450
Cost Audit Fee (including service tax)	18900	18900
Vehicle Expenses	993136	922019
Miscellaneous Expenses	2370466	2728418
Share Issue Expenses Written off	40968	40962
	33447299	30688087
SCHEDULE 19 : PROVISION FOR TAXATION		
Current Tax	1700000	4500000
Deferred Tax	1668980	-
	3368980	4500000

SHREE BHAWANI PAPER MILLS LIMITED

SCHEDULE 20 : NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies :

A. General :

The financial statements are prepared in accordance with the normally accepted accounting principles and the provisions of the Companies Act, 1956.

B. Recognition of Income and Expenditure :

All income and expenditure items having a material bearing on the financial statements are recognised on the accrual basis.

C. Sales :

Sales are accounted for inclusive of excise duty. The sale value is net of discounts, returns and sales tax.

D. Excise Duty :

Excise Duty on finished goods has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in bonded ware-houses.

E. Depreciation :

- i) Depreciation on Buildings and Plant & Machinery is provided on straight line method and on other assets on written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- ii) Lease hold land is amortised over the duration of lease.

F. Retirement Benefits :

Company's contribution to Provident Fund and other funds are charged to the Profit & Loss Account.

Provision for leave encashment is made for value of unutilised leave, due to employees at the end of the year.

The Company has created an approved gratuity fund and has taken a Group Gratuity Insurance Policy with Life Insurance Corporation of India for future payment of gratuity to employees. The Company accounts for gratuity liability equivalent to the premium amount payable to Life Insurance Corporation of India every year.

G. Fixed Assets :

Fixed assets are stated at cost net of modvat/cenvat less accumulated depreciation. The expenditure incurred during the period of construction are charged to capital work-in-progress and on completion, the costs are allocated to the respective fixed assets.

H. Borrowing Cost :

Borrowing costs attributable to acquisition and construction of assets are capitalised as a part of the cost of such asset upto the date when such asset is ready for its use. Other borrowing costs are charged to Profit & Loss Account.

I. Inventories :

Inventories of Goods-in-process and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Cost for own manufactured goods comprise of all cost of purchase, cost of conversion and other appropriate overheads. Cost of Raw Materials, Chemicals, Stores and Spare Parts is generally determined on weighted average basis.

J. Taxation :

Current tax is determined, as the amount of tax payable in respect of taxable income for the period.

The Company has during the year adopted Accounting Standard (AS-22), "Accounting for Taxes on Income" issued by the Institute of Chartered accountants of India. The deferred tax for timing differences

SHREE BHAWANI PAPER MILLS LIMITED

between the taxable income and accounting income for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

The accumulated net deferred tax liability arising on account of timing differences as on 1st April 2001 has been debited to the General Reserve Account.

2. Contingent liability not provided for:
Customers Cheques/Bills discounted Rs. 2675545/- (Previous Year Rs. 4854078/-).
3. Estimated amount of capital contracts remaining to be executed and not provided for Rs. 47.65 Lacs (Previous Year Rs. 418.31 Lacs).
4. The Income Tax assessments of the Company have been completed upto Assessment Year 1998-99. The Income Tax authorities had disallowed certain concessions/allowances available to the Company. The Company has filed appeals against such disallowances before appropriate authorities. Pending decision, the provision for Income Tax already made in the past has been considered to be adequate enough to meet the liabilities, if any.
5. There is no amount remaining unpaid to Small Scale Suppliers within the meaning of 'The interest on Delayed Payments to Small Scale & Ancillary Undertakings Act.'

6. Managing & Joint Managing Director's remuneration	2001-2002 Rupees	2000-2001 Rupees
Salary	1080000	960000
Commission	481142	
Perquisites	577904	527778
Retirement benefits	100000	80000
	2239046	1567778

As the employee-wise break-up of contribution to group gratuity scheme is not ascertainable, the amount related to Managing and Joint Managing Directors could not be included in the above.

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.

	2001-2002 Rupees
Profit before tax	21816737
Add : Managing & Joint Managing Directors' remuneration	2239046
Directors' Fee	70000
	24125783
Less : Profit on Sale of Fixed Assets	68716
Net Profit for the purpose of Directors' Commission	24057067
Commission Payable to Managing Director and Joint Managing Director @ 1% of Net Profit to each of them	481142

SHREE BHAWANI PAPER MILLS LIMITED

7. The break-up of net deferred tax liability as at 31st March, 2002 is as under

	As at 01.04.2001	Charge during the year	As at 31.03.2002
Timing differences on account of difference between Accounting Income and Taxable Income	5044866	1668980	6713846

8. Earnings per share (EPS)- The numerators and denominators used to calculate Basic and Diluted Earnings per Share:

		Year Ended 31.03.2002		Year Ended 31.03.2001
Profit attributable to the equity share holders (Rs.)	(A)	18447757		7939062
Basic/Weighted average number of Equity Share outstanding during the year	(B)	4106000		4106000
Nominal value of Equity Share	(Rs.)	10		10
Basic/Diluted Earnings per Share (Rs.)	(A/B)	4.49		1.93

9. **Related Party Disclosures :**

1. Relationships :

Directors and their relatives

Shri Badri Vishal Tandon

Shri J S Matharu

Shri Om Nath Kapoor

Shri C M Krishna

Shri K A Pai

Shri Sudhir Tandon

Shri Girish Tandon

Shri Hari Mohan Das Tandon (Father of Shri Sudhir Tandon)

Ms Sulochini Devi Tandon (Mother of Shri Badri Vishal Tandon and Shri Girish Tandon)

Ms Savita Seth (Sister of Shri Badri Vishal Tandon and Shri Girish Tandon)

Ms Shail Tandon (Wife of Shri Sudhir Tandon)

Ms Neera Tandon (Wife of Shri Girish Tandon)

Ms Surabhi Mehra (Daughter of Shri Girish Tandon)

Ms Paridhi Tandon (Daughter of Shri Girish Tandon)

Shri Akshat Tandon (Son of Shri Girish Tandon)

Shri Gaurav Tandon (Son of Shri Badri Vishal Tandon)

Shri Satish Tandon (Brother of Shri Sudhir Tandon)

Ms Rupa Tandon (Brother's Wife of Shri Sudhir Tandon)

Ms Roli Mehra (Daughter of Shri Badri Vishal Tandon)

Shri Niket Mehra (Grand Son of Shri Badri Vishal Tandon)

Ms Anahita Mehra (Grand Daughter of Shri Badri Vishal Tandon)

SHREE BHAWANI PAPER MILLS LIMITED

Ms Damini Tandon (Grand Daughter of Shri Badri Vishal Tandon)
Ms Uma Kapoor (Wife of Shri Om Nath Kapoor)
Shri Mohan Das Seth (Sister's Husband of Shri Badri Vishal Tandon and Shri Girish Tandon)
Ms Indu Mehrotra (Sister of Shri Sudhir Tandon)
Ms Arti Tandon (Daughter of Shri Om Nath Kapoor)
Shri Manas Tandon (Son of Shri Sudhir Tandon)
Ms Meenu Tandon (Wife of Shri Badri Vishal Tandon)
Shri Alankar Tandon (Son of Shri Badri Vishal Tandon)
Ms Chhavi Tandon (Son's wife of Shri Badri Vishal Tandon)

2. Transactions with Related Parties :

I. Rent for Office Premises (Directors and their relatives)	Rs. 288000
II. Interest on Fixed Deposits taken (Directors and their relatives)	Rs. 615591
III. Managerial Remuneration (Directors)	Rs. 2309046
IV. Outstanding Balance of Fixed Deposits including interest accrued thereon and Equity Contributions as at 31.03.2002 (Directors and their relatives)	Rs. 23264082
V. Managerial remuneration payable as at 31.03.2002 (Directors)	Rs. 756630

10. Segment Information :

The Company during the year operated in one business segment, that is, "Printing, Writing and Wrapping Papers" in domestic market.

11. Previous year's figures have been regrouped wherever necessary.

SHREE BHAWANI PAPER MILLS LIMITED

	2001-2002	2000-2001		
12.a) CAPACITIES AND PRODUCTION				
CAPACITIES				
i) Licenced Capacity (per annum) Printing, Writing & Wrapping Papers	NOT APPLICABLE	NOT APPLICABLE		
ii) Installed Capacity (per annum)* (*As certified by the Management and accepted by Auditors)	21000 MT	21000 MT		
PRODUCTION				
Finished Goods Printing, Writing & Wrapping Papers	18517 MT	18188 MT		
b) SALES				
Printing, Writing & Wrapping Papers	18035 MT Rs. 457912317	18338 MT Rs. 486130389		
c) STOCK OF FINISHED GOODS				
i) Closing Stock Printing, Writing & Wrapping Papers	1026 MT Rs. 22423677	544 MT Rs. 14208119		
ii) Opening Stock Printing, Writing & Wrapping Papers	544 MT Rs. 14208119	694 MT Rs. 16045737		
d) RAW MATERIALS CONSUMED				
	Qty (MT)	Value (Rs)	Qty (MT)	Value (Rs)
Wood Pulp	65	1492524	177	4091178
Straw & Bagasse	65568	34168658	61893	41513020
Waste Paper	136	1471338	546	5877159
Jute, Waste & Hemp	2236	15877318	1828	12699601
Cotton Waste	1821	15786111	2045	18403760
		68795949		82584718
e) CONSUMPTION OF RAW MATERIALS, STORES & SPARES				
	2001-2002		2000-2001	
	Rupees	%	Rupees	%
i) RAW MATERIALS				
Imported	1492524	2.17	4091178	4.95
Indigenous	67303425	97.83	78493540	95.05
ii) STORES & SPARES				
Imported	545897	0.40	331356	0.25
Indigenous	137038633	99.60	133029990	99.75
f) CIF VALUE OF IMPORTS				
i) Raw Materials	1692578		-	
ii) Stores & Spares	2463712		462045	
iii) Capital Goods	-		-	
g) EXPENDITURE IN FOREIGN CURRENCY				
Travelling	245940		46800	
h) EARNINGS IN FOREIGN CURRENCY				
On Export of Goods (FOB Basis)	-		397269	

SHREE BHAWANI PAPER MILLS LIMITED

INFORMATION REQUIRED AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (AMOUNT IN RS. THOUSANDS)

(I) REGISTRATION DETAILS:

Registration No : State Code :
 Balance Sheet Date :

(II) CAPITAL RAISED DURING THE YEAR

Public Issue	Rights Issue
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>
Bonus Issue	Private Placement
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

(III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

	Total Liabilities	Total Assets
	<input type="text" value="374158"/>	<input type="text" value="374158"/>
Sources of Funds		
	Paid-up Capital	Reserves & Surplus
	<input type="text" value="41060"/>	<input type="text" value="76000"/>
	Secured Loans	Unsecured Loans
	<input type="text" value="169090"/>	<input type="text" value="38741"/>
	Deferred Tax Liability	
	<input type="text" value="6714"/>	
Application of Funds		
	Net Fixed Assets	Investments
	<input type="text" value="220884"/>	<input type="text" value="NIL"/>
	Net Current Assets	Accumulated Losses
	<input type="text" value="110721"/>	<input type="text" value="NIL"/>

(IV) PERFORMANCE OF COMPANY

Turnover	Total Expenditure
<input type="text" value="439500"/>	<input type="text" value="417684"/>
Profit Before Tax	Profit After Tax
<input type="text" value="21816"/>	<input type="text" value="18448"/>
Earning Per Share in Rs.	Dividend Rate
<input type="text" value="4.49"/>	<input type="text" value="10%"/>

SHREE BHAWANI PAPER MILLS LIMITED

(V) GENERIC NAMES OF PRINCIPAL PRODUCTS OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code) :

48026009

Product Description :

Uncoated Paper and Paper Board used for Writing and Printing purposes in Rolls or Sheets

Signatures to Schedules 1 to 20
As per our Report of even date.

for **B. CHHAWCHHARIA & CO.,**
CHARTERED ACCOUNTANTS

(P. L. GUPTA)
PARTNER

PLACE : NEW DELHI
DATED : 9TH JUNE, 2002

SUDHIRTANDON
MANAGING DIRECTOR

BABITA JAIN
COMPANY SECRETARY

GIRISH TANDON
JOINT MANAGING DIRECTOR

BADRI VISHAL TANDON
J.S. MATHARU
C.M. KRISHNA
SUSHIL KHANNA
K.A. PAI } **DIRECTORS**

SHREE BHAWANI PAPER MILLS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2002

	<u>Year Ended</u> <u>31-03-2002</u>	<u>(RUPEES IN LACS)</u> <u>Year Ended</u> <u>31-03-2001</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		
Adjustment for :	218.17	124.39
Depreciation	128.50	130.08
Write Offs	0.41	0.41
Interest Expenses	209.78	178.64
Interest Income	-2.45	-2.33
(Profit)/Loss on Sale of Fixed Assets	-0.69	-1.28
	553.72	429.91
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Adjustments for :		
Trade & other receivables	16.49	-57.62
Inventories	-85.58	0.07
Trade payables and other liabilities	-139.22	82.22
	-208.31	24.67
CASH GENERATED FROM OPERATIONS	345.41	454.58
Interest paid	-206.54	-176.29
Direct taxes paid	-20.45	-35.58
	118.42	242.71
CASH FLOW BEFORE EXTRAORDINARY ITEMS	118.42	242.71
Extraordinary items	—	—
NET CASH FROM OPERATING ACTIVITIES	118.42	242.71
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-401.32	-756.47
Sale of Fixed Assets	2.80	5.03
Interest received	2.64	0.59
NET CASH USED IN INVESTING ACTIVITIES	-395.88	-750.85

SHREE BHAWANI PAPER MILLS LIMITED

	Year Ended 31-03-2002	Year Ended 31-03-2001
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	453.90	903.08
Repayment of Long Term Borrowings	-293.69	-273.93
Dividend paid	0.03	-0.03
Tax on Dividend	-	-
NET CASH USED IN FINANCING ACTIVITIES	160.24	629.12
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	-117.22	120.98
CASH AND CASH EQUIVALENTS (Opening Balance)	159.52	38.54
CASH AND CASH EQUIVALENTS (Closing Balance)	42.30	159.52

Notes : (i) Figures in (-) represent outflows.

(ii) Previous year's figures have been regrouped, wherever necessary.

BABITA JAIN
COMPANY SECRETARY

SUDHIR TANDON
MANAGING DIRECTOR

GIRISH TANDON
JOINT MANAGING DIRECTOR

PLACE : NEW DELHI
DATED : 9TH JUNE, 2002

BADRI VISHAL TANDON
J.S. MATHARU
C.M. KRISHNA
SUSHIL KHANNA
K.A. PAI } DIRECTORS

AUDITORS' REPORT

To,
The Board of Directors,
Shree Bhawani Paper Mills Limited

We have examined the above cash flow statement of Shree Bhawani Paper Mills Limited for the year ended 31st March, 2002. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 9th June, 2002, to the Members of the Company.

for **B. CHHAWCHHARIA & CO.,**
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 9TH JUNE, 2002.

(P. L. GUPTA)
PARTNER

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DESIGNED & PRINTED BY : BRAIN BRIDGE ADVERTISING & MARKETING PVT. LTD. ALLAHABAD.**

SHREE BHAWANI PAPER MILLS LIMITED
33, DAYANAND MARG, ALLAHABAD—211 002

PROXY FORM

I/We
of
being a member/members of SHREE BHAWANI PAPER MILLS LIMITED hereby appoint
.....
of
or failing him
of
or failing him
of

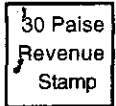
as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the twenty third Annual General Meeting of the Company to be held on 21st August, 2002 and at any adjournment thereof.

hand/hands this
..... day
of 2002

Signed by the said

Folio No. DP ID No.* Client ID No.*

* Applicable for members holding shares in electronic form.



NOTES:

1. The Proxy need not be a member.
2. The Proxy must be deposited at the Registered Office of the Company at 33, Dayanand Marg, Allahabad—211 002 not less than 48 hours before the time fixed for holding the meeting.

SHREE BHAWANI PAPER MILLS LIMITED
33, DAYANAND MARG, ALLAHABAD—211 002

ATTENDANCE SLIP

I/We hereby record my/our presence at the 23rd Annual General Meeting held at Registered Office of the Company at 33, Dayanand Marg, Allahabad—211 002 on Wednesday, the 21st August, 2002 at 1.00 p.m.

Full Name of the member (in block letters) Signature

Folio No. DP ID No.* Client ID No.*

* Applicable for members holding shares in electronic form.

Full Name of the proxy (in block letters) Signature

NOTES:

1. You are requested to sign and hand this over at the entrance.
2. If you intend to appoint a proxy to attend the meeting instead of yourself, the proxy form must be deposited at the Registered Office of the Company at 33, Dayanand Marg, Allahabad—211 002 not less than 48 hours before the time for holding the meeting.
3. If you are attending the meeting in person or by proxy, your copy of the Balance Sheet may please be brought by you/your proxy for reference at the meeting.

CUT HERE

**BOOK POST
UNDER CERTIFICATE OF POSTI**

If undelivered, please return to :
**Shree Bhawani Paper Mills Ltd.,
33, Dayanand Marg,
Allahabad—211 002**