

# 24th

**DIRECTORS' REPORT  
AND ANNUAL ACCOUNTS  
FOR THE YEAR ENDED  
31ST MARCH, 2003**

**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

116

## BANKERS

Bank of Baroda  
Indian Bank

## REGISTERED & ADMINISTRATIVE OFFICE

33, Dayanand Marg, Allahabad -211 002

## MILLS

Industrial Area No. 1, Sultanpur Road,  
Rae Bareilly—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

---

<b>CONTENTS</b>	<b>Page Nos.</b>
Notice	3
Explanatory Statement	6
Directors' Report	7
Corporate Governance Report	12
Management Discussion and Analysis Report	18
Auditors' Report	19
Balance Sheet	22
Profit & Loss Account	23
Schedules	24-33
Balance Sheet Abstract & Company's General Business Profile	34
Cash Flow Statement	36

## **NOTICE**

NOTICE is hereby given that the 24th 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 Thursday, the 18th September, 2003 at 1.00 P.M. to transact the following Business :-

### **ORDINARY BUSINESS**

1. To consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the year ended 31st March, 2003, the Report of the Auditors and the Report of the Directors, thereon.
2. To appoint a Director in place of Shri Badri Vishal Tandon, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J.S. Matharu, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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**

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

"RESOLVED THAT pursuant to Regulation 5 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, and the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956 or any amendment or modifications thereof, and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approval, permission and sanction as may be agreed by the Board of Directors of the Company, consent be and is hereby accorded to delist the equity shares of the Company from the Delhi Stock Exchange Association Ltd., Delhi, and the Uttar Pradesh Stock Exchange Association Ltd., Kanpur.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary, expedient and desirable, for giving effect to this Resolution".

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

"RESOLVED THAT pursuant to provisions of Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging and/or charging all the immovable and movable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets in certain events to or in favour of the following, namely:

- (i) Bank of Baroda
- (ii) Indian Bank

to secure Rupee loans not exceeding Rs. 1.00 crore (Rupees one crore only) lent and advanced/agreed to be lent and advanced by 'Bank of Baroda and Indian Bank,' together with interest at their respective agreed rates, additional interest, liquidated damages, premia on prepayment or on redemption, costs, charges, expenses

# **SHREE BHAWANI PAPER MILLS LIMITED**

---

and other moneys, payable by the Company to the Bank of Baroda and Indian Bank, under the Term Loan Agreement(s)/Memorandum of terms and conditions entered into or to be entered into by the Company in respect of the said loans.

RESOLVED FURTHER THAT the mortgages/charges created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above Resolution by and with the authority of the Board be and are hereby confirmed and ratified.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable and expedient to give effect to the Resolution."

REGISTERED OFFICE :  
33, DAYANAND MARG  
ALLAHABAD - 211 002

DATED : 28TH JULY, 2003

BY ORDER OF THE BOARD

BABITA JAIN  
COMPANY SECRETARY

**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 9th Sept., 2003 to 18th Sept., 2003 (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, 1998-99 & 2001-2002 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 shall lie 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, 1998-99 & 2001-2002 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. Shareholders who are still holding physical share certificates are advised to dematerialise their shareholdings to avail the benefits of dematerialisation which includes easy liquidity through electronic transfer, saving in stamp duty and prevention of forgery.
8. The Company has paid annual Listing Fee to each of the Stock Exchanges where the Company's equity shares are listed for the financial year 2003-2004.
9. **Details of the Directors seeking re-appointment at this Annual General Meeting :**

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

- (i) Shri Badri Vishal Tandon, aged about 54 years, is BA LLB from Allahabad University and having more than 25 years experience as Advocate, High Court, Allahabad. He has special expertise in tax matters. He has been a Director of the Company from 1979 and is also a member of the Audit Committee and Investors Grievance Committee of the Company.

Details of other Directorship held by him : (i) Alankar Udyog Pvt. Ltd.

(ii) Tandon Investments Pvt. Ltd.

(iii) Sahitya Bhawan Pvt. Ltd.

Details of other Committee Membership held by him : NIL

- (ii) Shri J. S. Matharu, aged about 76 years, is MSc. (Hons), FIA, WSc and is closely associated with paper industry as Advisor and Consultant. He was retired as Industrial-Advisor-Consultant from the Ministry of Industry, Government of India, in the year 1983 and started consultancy in 1986. He has been a Director of the Company from 1987 and is also a member of the Audit Committee and Remuneration Committee of the Company.

Details of other Directorship/Committee Membership held by him : NIL

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

**ITEM NO. 5**

The Company's equity shares are presently listed on the Stock Exchange, Mumbai, the Delhi Stock Exchange Association Ltd., and the Uttar Pradesh Stock Exchange Association Ltd., Kanpur.

In accordance with the provisions of revised SEBI (Delisting of Securities) Guidelines, 2003, the Company may delist its equity shares voluntarily from any one or more Stock Exchanges, provided that the Company's equity shares are listed on Stock Exchanges having nation wide terminals means either the Stock Exchange, Mumbai, or the National Stock Exchange of India Ltd. With the extensive net working of trading terminals of various centres of the Stock Exchange, Mumbai, the members of the Company have access to on line dealings in the Company's shares from any location across the country. The trading volumes on other Stock Exchanges are either nil or insignificant. Continued listing on such Stock Exchanges neither serves the interest of the members/ investors nor of the Company. Apart from financial savings, the proposed de-listing will also reduce the repetitive compliances, procedures and formalities.

The Board of Directors of your Company has decided, subject to approval of members, to delist the Company's equity shares voluntarily from Stock Exchanges at Delhi and Kanpur.

Your Directors recommended the Special Resolution as set out in Item No. 5 for your approval and none of the Directors of the Company is concerned or interested in this Resolution except as any other share holder of the Company.

**ITEM NO. 6**

The Company has been sanctioned the financial assistance of Rs. 1.00 crore (Rupees one crore only) for financing its Capital Expenditure Scheme of Rs. 1.50 crores from Bank of Baroda and Indian Bank.

The above referred financial assistance from Bank of Baroda and Indian Bank will require to be secured by mortgage and/or charges on the properties and on whole undertaking(s) of the Company including present and future properties, whether movable, or immovable, paripassu or otherwise.

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors of Public Limited Company shall not, without consent of such public limited company in general meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company.

Your Directors, therefore, recommend the Resolution as set out in Item No. 6 for your approval.

Copies of the letter of sanction received from Bank of Baroda & Indian Bank and other relevant documents are open for inspection at Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the Meeting.

None of the Directors of the Company is concerned or interested in the Resolution.

REGISTERED OFFICE:  
33, DAYANAND MARG  
ALLAHABAD - 211 002

DATED : 28TH JULY, 2003

BY ORDER OF THE BOARD

BABITA JAIN  
COMPANY SECRETARY

---

# SHREE BHAWANI PAPER MILLS LIMITED

---

## DIRECTORS' REPORT

We have pleasure in presenting our 24th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2003.

### PERFORMANCE

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

	<u>Year ended</u> <u>31.03.2003</u>	<u>Year ended</u> <u>31.03.2002</u>
Production (Tonnes)	<u>18062</u>	<u>18517</u>
Sales	<b>Rs. 4472 Lacs</b>	<b>Rs. 4387 Lacs</b>
Gross Profit	<u>537</u>	<u>556</u>
Less : Interest	<u>256</u>	<u>210</u>
Depreciation for the year	<u>168</u>	<u>128</u>
Profit for the year before tax	<u>113</u>	<u>218</u>
Less : Provision for taxation	<u>51</u>	<u>34</u>
	<u>62</u>	<u>184</u>
Profit brought forward from last year	<u>59</u>	<u>66</u>
Less : Deferred tax liability of prior year	<u>59</u>	<u>-</u>
Profit available for appropriation	<u>62</u>	<u>250</u>
<b>Appropriations :</b>		
Proposed Dividend on Equity Shares	-	41
General Reserve	-	150
Surplus carried to Balance Sheet	<u>62</u>	<u>59</u>
	<u>62</u>	<u>250</u>

The Company undertook modification in MF Paper Machine during the year under review, mainly with the aim of improving the quality of Paper. Shutdowns were taken for renovation/replacement of headbox and third press section of the Machine. As a result of downtime there was some decline in production.

Decrease in profit is mainly attributable to cost increase in agricultural raw materials and husk fuel, whose supplies were severely affected by widespread draught during the Kharif Season. Paper market condition remained weak and increased cost could not be passed on to the consumers. In the paucity of adequate profits, your Directors are skipping dividend this year.

### DEFERRED TAX LIABILITY

Suitable provisions have been made for deferred tax liability as per Accounting Standard for Taxes on Income, as explained in Schedule 18, that is, Notes forming part of the Accounts.



### **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-I.

### **PUBLIC DEPOSIT UNDER SECTION 58 - A**

During the year, the Company has accepted fixed deposits from public and shareholders and as on 31st March, 2003, fixed deposits from the public and shareholders aggregated to Rs. 264.89 lacs. There has been no unpaid/unclaimed/overdue deposit as on date.

### **DIRECTORS**

Shri Badri Vishal Tandon and Shri J S Matharu, 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 (1-B) of Section 224 of the Companies Act, 1956. Your Directors recommend their re-appointment for the accounting year 2003-2004.

### **PARTICULARS OF EMPLOYEES**

None of the Employee of the Company was in receipt of total remuneration of Rs. 24,00,000/- during the financial year under review or Rs. 2,00,000/- 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**

Your Company has been fully compliant with the SEBI Guidelines on Corporate Governance which have been incorporated in Clause 49 of the Listing Agreement with Stock Exchanges. A detailed report on Corporate Governance and Management Discussion and Analysis forming the part of the Director's Report is enclosed as Annexure II.

The Statutory Auditors of the Company have examined the Company's compliance and have certified the same, as required under SEBI guidelines. The certificate is reproduced with Corporate Governance Report to the members.

Members' attention is drawn to Item No. 5 of the Notice of the Annual General Meeting on proposed voluntary delisting of Company's equity shares from the Delhi Stock Exchange Association Ltd., Delhi and the Uttar Pradesh Stock Exchange Association Ltd., Kanpur and justification thereof.

### **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, 2003, 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;
- (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, 2003 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**

**SUDHIRTANDON  
MANAGING DIRECTOR**

**GIRISHTANDON  
JOINT MANAGING DIRECTOR**

**PLACE: ALLAHABAD**

**DATED: 28TH JULY, 2003**

**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 and hypo pumps having lower Power consumption have been installed in the Pulp Mill Section.
- (c) Above 95% of the total power generation was from Steam Turbine, drastically reducing dependence on Diesel Generator.
- (d) The required data as per Form-A of the Annexure to the aforesaid Rules is furnished below :

**A. POWER AND FUEL CONSUMPTION**

**1. ELECTRICITY**

<b>Own Generation</b>	<u>Current year</u>	<u>Previous year</u>
a) Through Diesel Generators		
Units (KWH in lacs)	<b>10.30</b>	82.96
Units per litre of diesel oil	<b>3.26</b>	3.73
Diesel (Rs./Litre)	<b>14.73</b>	15.40
Rate/Unit (Rs.)	<b>4.64</b>	4.56
b) Through Steam Turbine		
Units (KWH in lacs)	<b>200.15</b>	113.35
Units per Tonne of Fuel	<b>603</b>	502
Rate /Unit (Rs.)	<b>1.69</b>	1.45
<b>2. PADDY HUSK</b>		
Quantity (Tonnes)	<b>42298</b>	29756
Total Cost (Rs. in lacs)	<b>347.52</b>	194.97
Average Rate (Rs./Tonne)	<b>822</b>	655
<b>3. COAL</b>		
Quantity (Tonnes)	<b>533</b>	-
Total Cost (Rs. in lacs)	<b>6.37</b>	-
Average Rate (Rs./Tonne)	<b>1195</b>	-

**B. CONSUMPTION PER UNIT PRODUCTION**

Production (Tonnes)	<b>18062</b>	18517
Electricity* (Units/Tonne)	<b>1165</b>	1060
Paddy Husk** (Tonnes/Tonne)	<b>2.34</b>	1.61
Coal (Tonnes/Tonne)	<b>0.03</b>	-

\* Inclusive of consumption for operation of Power House.

\*\* 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, Bangladesh and exploring the possibility of exporting to other countries.
2. Foreign Exchange earnings and outgo :  
Foreign exchange earnings on account of exports was about Rs. 3 lacs and total foreign exchange outgo during the year amounted to about Rs. 34 lacs on account of import of spares & capital goods.

**ANNEXURE II**  
**CORPORATE GOVERNANCE REPORT**

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing the shareholder's long term value. The Company's Philosophy on Corporate Governance envisages the attainment of highest levels of transparency, accountability in all areas of operation and equity. It is the Company's Policy that in addition to the matters statutorily requiring board approval, all major decision on capital expenditure, investments etc. are considered by the Board.

The Securities & Exchange Board of India has introduced the Code of Corporate Governance for implementation by the listed Companies by addition of Clause 49 to the Listing Agreement with Stock Exchanges. The code is required to be implemented by the company during the year 2002-2003 but not later than March 31, 2003.

The following informations are being regularly placed before the Board, even before Clause 49 to Listing Agreement introduced.

1. Minutes of the Meeting of Committee/Sub Committee of the Board.
2. Capital Expenditure plans.
3. Operational Results
4. Quarterly Results of the Company.
5. The information on recruitment of senior officers just below the board level including appointment or removal of Finance Personnel and Company Secretary.
6. Show cause, demand, prosecution notices and penalty notice which are materially important.
7. All transactions which involve substantial payments.
8. Disclosure by the management on material transactions, if any, with potential for conflict of interest.
9. Labour Relations.
10. Any material default in financial obligation to and by the Company, or substantial non payment of goods sold by the Company.
11. Sale of material nature of investments, assets which is not in normal course of business.
12. Compliance of regulatory and statutory requirements.

**BOARD OF DIRECTORS**

The composition of the Board, attendance of the Board meeting held during the year and at the last Annual General Meeting, number of Directorships in other Companies and committies are given below :

Name of the Director	Category	No. of outside directorship held	No. of Board Meetings held		Attended last A.G.M.
			held	Attended	
Shri Sudhir Tandon Managing Director	Promoter Executive	2	4	4	Yes
Shri Girish Tandon Jt. Managing Director	Promoter Executive	2	4	4	Yes
Shri Badri Vishal Tandon	Promoter Non Executive	3	4	4	Yes
Shri J S Matharu	Independent Non Executive	-	4	4	Yes
Shri C M Krishna	Indepedent Non Executive	-	4	2	No
Shri Om Nath Kapoor	Independent Non Executive	-	4	3	No
Shri K A Pai	Independent Non Executive	-	4	4	No
Shri Sushil Khanna	Independent Non Executive	-	4	4	No

# SHREE BHAWANI PAPER MILLS LIMITED

---

It is clear from the above, that Board of Directors of the Company have an optimum combination of Executive and non Executive Directors. The non Executive Directors constitute more than half of the total number of Directors and the number of independent Directors are also more than half of the total strength.

The day to day operation of the Company are entrusted with Managing-& Joint Managing Directors of the Company subject to superintendence, control and direction of the Board of Directors. Four Board Meetings were held during the year on 09.06.02, 27.07.02, 31.10.02 and 31.01.03.

Shri Badri Vishal Tandon and Shri J S Matharu are liable to retire by rotation and being eligible and offers themselves for reappointment. Your Directors recommends their reappointment at the forthcoming Annual General Meeting. Information as required under Clause 49 (VI) (A) of the Listing Agreement is annexed to the Notice of the Annual General Meeting.

## AUDIT COMMITTEE

The Audit Committee of the Company was constituted on 9th June, 2002 comprising of three Non-Executive Directors out of which two are independent. The composition of Audit Committee and record of attendance during the year under review is given below :

Name of Director	No. of Meetings held	No. of Meetings attended
Shri J S Matharu, Chairman	3	3
Shri Sushil Khanna	3	3
Shri Badri Vishal Tandon	3	3

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with Stock Exchanges. Brief terms of reference of the Audit Committee are as follows :

- Oversight of the Company's Financial Reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Review of accounting policies and practices.
- Review with the management, internal auditors and external auditors the adequacy of internal control system.
- Reviewing the Company's financial and risk management policies.

## MANAGERIAL REMUNERATION

### REMUNERATION COMMITTEE

The remuneration committee of the Company was constituted on 9th June, 2002 comprising of three independent non-Executive Directors.

Shri J S Matharu, Chairman

Shri K A Pai

Shri Sushil Khanna

The Remuneration Committee met once during the Financial year 2002-2003. All the Directors were present in this meeting.

The broad terms of reference to the Committee are to determine and recommend to the Board, compensation payable to Managing and Joint Managing Directors including pension right, appraisal of performance of Managing and Joint Managing Directors and advise for the payment of annual commission/compensation payable to them.

At present, no remuneration is paid to non-Executive Directors except sitting fees for attending the Meeting of the Board or Committee thereof. The remuneration paid to Executive Directors is decided by the Board of Directors subject to approval of Members, in General Meeting.

### DETAILS OF REMUNERATION PAID TO EXECUTIVE DIRECTORS

The aggregate value of salary and perquisites paid during the financial year 2002-2003 to Shri Sudhir Tandon, Managing Director, Rs. 9,36,092/- and Shri Girish Tandon, Joint Managing Director, Rs. 9,53,198/-.

# SHREE BHAWANI PAPER MILLS LIMITED

## SITTING FEE PAID TO NON EXECUTIVE DIRECTORS

Remuneration by way of sitting fees for attending the Meeting of the Board/Committee's thereof during the financial year 2002-03 is given below :

Sl. No.	Name of Director	Amount (Rs.)
1.	Shri Badri Vishal Tandon	38,500/-
2.	Shri J. S. Matharu	28,000/-
3.	Shri C. M. Krishna	7,000/-
4.	Shri Om Nath Kapoor	10,500/-
5.	Shri K A Pai	17,500/-
6.	Shri Sushil Khanna	28,000/-

## SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Company has constituted Shares Sub-committee in year 1985 with three Directors which was reconstituted/renamed as Investors Grievance Committee comprising of following members :

Shri Badri Vishal Tandon, Chairman

Shri Sudhir Tandon, Managing Director

Shri Girish Tandon, Joint Managing Director

The Committee keep a watch on the performance of the share transfer work and recommends measures to improve the investors services. The Committee look into the redressal of investor's complaint like share transfer, non receipt of Annual Report and dividend payment, issue of duplicate shares certificates, transmission of shares and all other allied transactions. The Committee had delegated to power of share transfer to Smt. Babita Jain, Company Secretary, who is also designated as the Compliance Officer, and M/s. Skyline Financial Services Pvt. Ltd., Registrar and Share Transfer Agent with a view to expedite the process of shares transfer and transmission etc. They meet quiet often to expedite all the matters realting to transfer of shares etc.

Outstanding complaints as on 31st March, 2003 - NIL

The number of share transfer pending as on 31st March, 2003 - NIL

During the year the Investor's Grievance Committee had four meetings. All the members were present in the meetings.

## GENERAL BODY MEETINGS

Location and time for the last four Annual General Meetings were :

Year	Location	Date	Time
1999-2000	Regd. Office of the Company at 33, Dayanand Marg, Allahabad	28.09.2000	1.00 PM
2000-2001	- do -	27.09.2001	1.00 PM
2001-2002	- do -	21.08.2002	1.00 PM
2002-2003*	- do -	18.09.2003	1.00 PM

\*Forth coming Annual General Meeting.

No Special Resolution was put through Postal Ballot in last years, nor any has been proposed for this year.

## DISCLOSURES

1. The details of the related party transactions during the year in terms of Accounting Standard AS-18 have been set out under Note 9 of Schedule 18 annexed to Balance Sheet and Profit and Loss Account. However, these are not having potential conflict with the interest of the Company at large.
2. The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India and other Statutory Authority relating to capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

## MEANS OF COMMUNICATION

The quarterly results of the Company were published in Economic Times, New Delhi & Mumbai, Nav Bharat Times, New Delhi & Mumbai, Amar Ujala, Allahabad (Vernacular Daily). The Annual Results are posted to all the share holders of the Company.

---

# SHREE BHAWANI PAPER MILLS LIMITED

---

## GENERAL SHAREHOLDERS INFORMATION

### Annual General Meeting

Date & Time : September 18, 2003 at 1.00 PM

Venue : Regd. Office of the Company at Allahabad

### LISTING

1. The Uttar Pradesh Stock Exchange Association Ltd.  
(Regional Stock Exchange)  
114/113, Padam Tower,  
Civil Lines, Kanpur
2. The Stock Exchange, Mumbai  
Phiroze JeeJee Bhoy Tower,  
Dalal Street, Mumbai
3. The Delhi Stock Exchange Association Ltd.  
'DSE House'  
3/1 Asaf Ali Road,  
New Delhi

The Listing Fee for the financial year 2003-2004 have been paid to all the Stock Exchanges.

A Special Resolution seeking approval of shareholders to delist voluntarily the equity shares of the Company from the Stock Exchanges at Delhi and Kanpur is appearing in the Notice convening 24th Annual General Meeting of the Company. However, the Company's share will continue to be listed at the Stock Exchange, Mumbai having nation wide trading terminals.

### ISIN NUMBER FOR NSDL & CDSL

ISIN INE 688 C 01010

### REGISTRAR & SHARE TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.  
123, Vinoba puri, Lajpat Nagar II,  
New Delhi

### SHARE TRANSFER SYSTEM

Share transfer in physical form can be lodged with Skyline Financial Services Pvt. Ltd. at their above mentioned address. The transfers are normally processed within 15 days from the date of receipt if the documents are complete in all respects. The Company Secretary and Registrar are empowered to approve the transfer of shares. Grievances received from members and other miscellaneous correspondence on change of address, mandates etc are processed by Registrar within 10 to 15 days.

### DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2003

No. of Shares	No. of Shareholders	%age	No. of Shares	%age
Upto 500	2043	84.60	368577	8.98
501-1000	216	8.94	189075	4.61
1001-5000	97	4.02	211914	5.16
5001-10000	16	0.66	122088	2.97
10001 & above	43	1.78	3214346	78.28
	<b>2415</b>	<b>100.00</b>	<b>4106000</b>	<b>100.00</b>



# SHREE BHAWANI PAPER MILLS LIMITED

---

Category	No. of Shares	%age of shareholding
Promoter's Holding	2237485	54.49
Institutional Investors	995788	24.25
Bodies Corporate	37356	0.91
NRIs	500	0.01
Indian Public	834871	20.34
	<b>4106000</b>	<b>100.00</b>

## DEMATERIALISATION OF SHARES

As on 31.03.2003, 83.52% ie., 3429424 equity shares of Company's share capital are dematerialised, balance of 676576 shares are held in physical form. In order of facilitate the investors to have an easy access to demat system, the Company has joined with both depositories viz National Security Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) through the Company's Registrar & Share Transfer Agent, Skyline Financial Services Pvt. Ltd., New Delhi.

## OUTSTANDING ADRS, GDRS, WARRANT OR ANY CONVERTIBLE INSTRUMENTS ETC.

NIL

## PLANT LOCATION

The paper plant of the Company is situated at  
Industrial Area I  
Sultanpur Road  
Raebareli 229010

## REGISTERED OFFICE

33, Dayanand Marg  
Allahabad 211002

## ELECTRONIC CLEARING SERVICE

Members desirous of receiving dividend through Electronic clearing services are requested to send the mandate form for registration with the Company. Those who hold the shares in demat form, record their ECS mandate with Depository Participant.

## ADDRESS FOR CORRESPONDENCE

To contact R&TA for all matters relating to Shares, Dividends Annual Report

: Skyline Financial Services Pvt. Ltd.  
123, Vinobapuri  
Lajpat Nagar II  
New Delhi

Tel : 011 26847136  
Fax : 011 26918352

For fixed deposits and any other general matters or in case of any difficulties/grievances

: Company Secretary  
Shree Bhawani Paper Mills Ltd.  
33, Dayanand Marg, Allahabad

Tel : 0532 2607958/2607959  
Fax : 0532 2607957

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF SHREE BHAWANI PAPER MILLS LIMITED.**

We have examined the compliance of conditions of Corporate Governance by Shree Bhawani Paper Mills Limited, for the year ended on 31st March, 2003 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR B. CHHAWCHHARIA & CO.  
CHARTERED ACCOUNTANTS**

**(P. L. GUPTA)  
PARTNER**

**PLACE : ALLAHABAD  
DATE : 28TH JULY, 2003**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE & DEVELOPMENT**

The Indian Paper Industry has an installed capacity of about 5 million tonnes. The per capita consumption of paper is around 5 Kg compared to the global average of above 50 Kg.

The Paper Industry has a catalytic role to play not only for overall growth of the Industry but also raising the living standards of the people. Over the years, the industry has made a steady progress and in coming years also the growth potential would be high in view of increased demand of paper due to industrialisation and economic reforms.

### **OPPORTUNITIES AND THREATS**

The Company has continued its focus in reducing cost of production and maintaining the competitiveness through productivity improvement, better energy management and increased usage of agri-residues, etc. During the last 5 years period, the Company has invested more than Rs. 7 crores on modernisation of plant, debottle-necking, technological upgradation of plant and machinery, which has helped the Company in reducing consumption of bleaching chemicals, energy conservation and increased operational efficiency.

### **PRODUCT WISE PERFORMANCE**

The Company is manufacturing MG & MF varieties of Printing and Writing paper. During the year, the Company achieved a capacity utilization of 86%. The average realisation during the year ended March 2003, increased by about 1.4%, as compared to previous year. The production during the year under review is 18062 MT as compared to 18517 MT during the previous year. In order to improve the quality and marketability of the product, the Company carried out modification in 3rd Press section of MF Paper Machine and replaced Head Box. Machine shuts were taken resulting in lower production during the year.

### **OUTLOOK**

- The Company plans to install a new paper machinery of at least 50 TPD of Paper in premium segment to increase its product base.
- In view of the on going process of modification and modernisation of manufacturing facilities, better energy management, productivity improvement, the management is optimistic about the future outlook of the Company in long term.

### **RISK AND CONCERNS**

- The Company faces competition from cheap imports from South East Asian countries.
- The availability of chief raw material namely; bagasse, paddy straw, wheat straw and paddy husk fuel is seasonal and depends upon crop.

### **FINANCIAL PERFORMANCE**

Due to severe draught conditions prevailing in the region, prices of main raw material, bagasse, straw and paddy husk fuel increased steeply during the year under review. The market conditions remained unfavourable mainly because of depressed international prices. The sales realisation did not commensurate with the increase in raw material and fuel prices though the Company is manufacturing various products in line with the market requirement with greater emphasis on value added products. The Company, however, has been able to maintain inventory of finished goods at reasonable level. The profitability of next financial year will also be affected due to increased raw material and fuel price.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has an adequate system of Internal Control implemented by the Management to ensure proper safeguarding of the assets and protection against loss from unauthorised use or disposition. The Internal Control System is devised to ensure that the Financial and other records are reliable for preparing financial statements and other data and for maintaining the accountability of assets.

In addition, the Internal Audit work is conducted by independent professional firm of Chartered Accountants. The Internal Auditors have consistently expressed their satisfaction about adequacy of internal control system and procedures followed by the Company for conducting its business efficiently. All the issues raised by Internal Auditors are being suitably dealt with and rectified.

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF SHREE BHAWANI PAPER MILLS LIMITED**

1. We have audited the attached Balance Sheet of SHREE BHAWANI PAPER MILLS LIMITED as at 31st March, 2003 and also the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those 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.
3. 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.
4. 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 those 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, 2003 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2003 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 31st March, 2003;
    - b. in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - c. in the case of cash flow statement of the cash flows for the year ended on that date.

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

**PLACE : ALLAHABAD  
DATED : 28TH JULY, 2003**

**(P.L. GUPTA)  
PARTNER**

**ANNEXURE TO THE AUDITORS' REPORT**  
**RE: SHREE BHAWANI PAPER MILLS LIMITED**

Referred to in paragraph 3 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 31.03.2003 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: ALLAHABAD  
DATED: 28TH JULY, 2003**

**(P.L. GUPTA)  
PARTNER**

# SHREE BHAWANI PAPER MILLS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULE	As at 31-03-2003 Rupees	As at 31-03-2002 Rupees
<b>I. SOURCES OF FUNDS :</b>		
1. SHAREHOLDERS' FUNDS	-	
(a) Share Capital	1 <b>41060000</b>	41060000
(b) Reserves & Surplus	2 <b>57622079</b>	75999653     117059653
2. LOAN FUNDS		
(a) Secured Loans	3 <b>145118066</b>	169090533
(b) Unsecured Loans	4 <b>43086875</b>	188204941     38741398     207831931
3. DEFERRED TAX LIABILITY (Refer Note 7, Schedule 18)	<b>35479739</b>	6713846
<b>TOTAL</b>	<b>322366759</b>	<b>331605430</b>
<b>II. APPLICATION OF FUNDS :</b>		
1. FIXED ASSETS	5	
(a) Gross Block	<b>370858906</b>	356715113
(b) Less : Depreciation	<b>152916564</b>	136930551
(c) Net Block	<b>217942342</b>	219784562
(d) Capital Work-in-Progress	<b>5969217</b>	223911559     1100000     220884562
2. CURRENT ASSETS, LOANS & ADVANCES		
(a) Inventories	6 <b>84344390</b>	100775359
(b) Sundry Debtors	7 <b>43844684</b>	40547323
(c) Cash & Bank Balances	8 <b>3892268</b>	4229861
(d) Loans & Advances	9 <b>6577092</b>	7720917
	<b>138658434</b>	153273460
Less : CURRENT LIABILITIES AND PROVISIONS		
(a) Current Liabilities	10 <b>40019506</b>	37326356
(b) Provisions	11 <b>183728</b>	5226236
NET CURRENT ASSETS	<b>98455200</b>	110720868
<b>TOTAL</b>	<b>322366759</b>	<b>331605430</b>

NOTES FORMING PART OF THE ACCOUNTS 18  
As per our report of even date.

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

(P. L. GUPTA)  
PARTNER

PLACE : ALLAHABAD  
DATED : 28TH JULY, 2003

SUDHIRTANDON  
MANAGING DIRECTOR

BABITA JAIN  
COMPANY SECRETARY

GIRISH TANDON  
JOINT MANAGING DIRECTOR

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

# SHREE BHAWANI PAPER MILLS LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	SCHEDULE	2002-2003 Rupees	2001-2002 Rupees
<b>INCOME</b>			
Sales	12	447245574	438679086
Other Income	13	808346	821320
		448053920	439500406
<b>EXPENDITURE</b>			
Materials	14	226027919	198004232
Payments & Benefits to Employees	15	48840357	44500179
Power & Fuel		40447537	54290280
Excise Duty		52209349	53614129
Cost of Borrowings	16	25579610	20978007
Other Expenses	17	26837399	33447299
		419942171	404834126
Profit before depreciation & taxation		28111749	34666280
Depreciation		16823429	12849543
		11288320	21816737
Profit before taxation		11288320	21816737
Provision for taxation			
Current tax		900000	1700000
Deferred tax		4148458	1668980
Profit after taxation		6239862	3368980
			18447757
Balance brought forward from last year		5975644	6633887
Less : Deferred Tax liability of prior year		5975644	6633887
		-	-
Amount available for appropriations		6239862	25081644
Appropriations :			
Proposed Dividend		-	4106000
General Reserve		-	15000000
		6239862	5975644
Balance carried to Balance Sheet			
Basic/Diluted Earnings per Share (Rs.)		1.52	4.49
(Refer Note 8, Schedule 18)			

NOTES FORMING PART OF THE ACCOUNTS 18

As per our report of even date.

for **B. CHHAWCHHARIA & CO.,**  
**CHARTERED ACCOUNTANTS**  
**(P. L. GUPTA)**  
**PARTNER**

**SUDHIRTANDON**  
**MANAGING DIRECTOR**

**GIRISHTANDON**  
**JOINT MANAGING DIRECTOR**

PLACE : ALLAHABAD  
 DATED : 28TH JULY, 2003

**BABITA JAIN**  
**COMPANY SECRETARY**

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



# SHREE BHAWANI PAPER MILLS LIMITED

## SCHEDULE 1 : SHARE CAPITAL

AUTHORISED	As at 31-03-2003 Rupees	As at 31-03-2002 Rupees
15000000 Equity Shares of Rs. 10/- each	150000000	150000000
25000 - 13.5% Cumulative Redeemable Preference Shares of Rs.100/- each	2500000	2500000
	<b>152500000</b>	<b>152500000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
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
	<b>41060000</b>	<b>41060000</b>

## SCHEDULE 2 : RESERVES AND SURPLUS

<b>Capital Reserve</b>				
As per last account		1568875		1568875
<b>Capital Redemption Reserve</b>				
As per last account		1000000		1000000
<b>General Reserve</b>				
As per last account	67455134		57500000	
Less : Cumulative Deferred Tax adjustments (Refer Note 7, Schedule 18)	18641792		5044866	
Add : Transferred from Profit & Loss A/c	-	48813342	15000000	67455134
<b>Profit &amp; Loss Account</b>		6239862		5975644
		<b>57622079</b>		<b>75999653</b>

## SCHEDULE 3 : SECURED LOANS

### I. TERM LOANS

Industrial Development Bank of India	3750000	8750000
The IFCI Limited	43999000	49331000
Indian Bank	25000000	25000000
Bank of Baroda	25000000	25000000
	<b>97749000</b>	<b>108081000</b>

(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 the 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.257.49 Lacs (Previous Year Rs. 103 Lacs).

# SHREE BHAWANI PAPER MILLS LIMITED

	As at 31-03-2003 Rupees	As at 31-03-2002 Rupees
<b>II. OTHER LOANS &amp; ADVANCES</b>		
<b>(a) From Banks</b>	46952345	60370985
<p>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.</p> <p>All the above loans are guaranteed by the Managing Director and Joint Managing Director of the Company.</p>		
<b>(b) From Others :</b>		
Hire Purchase Finance	416721	638548
Secured by hypothecation of specific asset.		
	145118066	169090533

## SCHEDULE 4 : UNSECURED LOANS

Fixed Deposits*	26488574	19544598
Security Deposits	16598301	19196800
* Includes Rs. 500000/- from Directors (Previous Year Rs. 1110000/-)	43086875	38741398

## SCHEDULE 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	As at 31.03.2002 Rs.	Addi- tions Rs.	Deduc- tions Rs.	As at 31.03.2003 Rs.	Upto 31.03.2003 Rs.	As at 31.03.2003 Rs.	As at 31.03.2002 Rs.
Lease Hold Land	887530	—	—	887530	216948	670582	680443
Buildings	42420311	2012439	—	44432750	14186946	30245804	29502268
Plant & Machinery	297360253	10484213	—	307844466	127289556	180554910	183812548
Vehicles	10350253	2423973	1132465	11641761	7356319	4285442	3527516
Furniture, Fixture & Other Equipments	5696766	372233	16600	6052399	3866795	2185604	2261787
	356715113	15292858	1149065	370858906	152916564	217942342	219784562
Previous Year	245241692	112550845	1077424	356715113	136930551	219784562	
Capital Work in Progress						5969217	1100000

**Note :** Capital Work in Progress includes Rs. 27013/- (Previous Year Rs. 1100000/-) on account of advance against Capital Expenditure. Additions to Plant & Machinery includes Rs. nil (Previous year Rs. 9400979/-) being interest capitalised on borrowings.

# SHREE BHAWANI PAPER MILLS LIMITED

	As at 31-03-2003 Rupees	As at 31-03-2002 Rupees
<b>SCHEDULE 6 : INVENTORIES</b>		
<b>(Certified and valued by the Management)</b>		
Raw Materials	20569698	29291524
Stores, Chemicals & Spare Parts	49212798	47320189
Finished Goods	11914517	22423677
Stock in process	2647377	1739969
	<b>84344390</b>	<b>100775359</b>
<b>SCHEDULE 7 : SUNDRY DEBTORS</b>		
<b>(Unsecured - Considered Good)</b>		
Due for more than 6 months	239816	239816
Other Debts	43604868	40307507
	<b>43844684</b>	<b>40547323</b>
<b>SCHEDULE 8 : CASH &amp; BANK BALANCES</b>		
Cash in hand	697396	531732
With Scheduled Banks :		
In Current Account	774719	1750464
In Fixed Deposit Account	2420153	1947665
	<b>3892268</b>	<b>4229861</b>
<b>SCHEDULE 9 : LOANS &amp; ADVANCES</b>		
<b>(Unsecured - Considered Good)</b>		
Advances recoverable in cash or in kind or for value to be received	5960381	7238375
Sundry Deposits	217931	346164
Balance with Central Excise Department	398780	136378
	<b>6577092</b>	<b>7720917</b>
<b>SCHEDULE 10 : CURRENT LIABILITIES</b>		
Sundry Creditors (including Rs. 106200/- due to Directors; 2001-2002, Rs. 756630/-) (Refer Note 5, Schedule 18)	32807887	30924155
Advances from Customers	1647426	1144096
Unclaimed Dividends	327102	212783
Other Liabilities	1947094	2364012
Interest accrued but not due on loans	3289997	2681310
	<b>40019506</b>	<b>37326356</b>
<b>SCHEDULE 11 : PROVISIONS</b>		
Proposed Dividend	-	4106000
Income Tax (Net of Advances)	183728	1120236
	<b>183728</b>	<b>5226236</b>

# SHREE BHAWANI PAPER MILLS LIMITED

	2002-2003 Rupees		2001-2002 Rupees
<b>SCHEDULE 12: SALES</b>			
SALES (Inclusive of Excise Duty)	462322963		457912317
Less : Rebate & Discounts	15077389	447245574	19233231
			438679086
	447245574		438679086
<b>SCHEDULE 13: OTHER INCOME</b>			
Interest - Deposits with Banks (Tax Deducted at Source Rs. 26339/-, 2001-2002 Rs. 107713/-)	186364		245415
Interest - Others	6027		75961
Insurance Claim	292399		26600
House Rent	-		216435
Profit on Sale of Fixed Assets (Net)	211851		68716
Miscellaneous Receipts	111705		188193
	808346		821320
<b>SCHEDULE 14: MATERIALS</b>			
<b>A. CONSUMPTION OF RAW MATERIALS</b>			
Opening Stock	29291524		37880613
Add : Purchases	77155286		60206860
	106446810		98087473
Less : Closing Stock	20569698	85877112	29291524
			68795949
<b>B. INCREASE/DECREASE IN STOCKS</b>			
Opening Stock :			
Finished Goods	22423677		14208119
Stock in Process	1739969		1579280
	24163646		15787399
Less :			
Closing Stock :			
Finished Goods	11914517		22423677
Stock in process	2647377		1739969
	14561894	9601752	24163646
			-8376247
<b>C. CONSUMPTION OF STORES, CHEMICALS &amp; SPARE PARTS</b>			
		130549055	137584530
		226027919	198004232
<b>SCHEDULE 15: PAYMENTS &amp; BENEFITS TO EMPLOYEES</b>			
Salaries, Wages, Bonus & Allowances	42439436		38425429
Workmen and Staff Welfare Expenses	3167963		3087920
Employer's Contribution to Provident & Other Funds	3232958		2986830
	48840357		44500179

# SHREE BHAWANI PAPER MILLS LIMITED

	2002-2003 Rupees	2001-2002 Rupees
<b>SCHEDULE 16 : COST OF BORROWINGS</b>		
<b>Interest</b>		
Fixed Loans*	18722948	11601716
Bank Borrowings etc.	6856662	9376291
* Includes Rs. 93913/- paid to Directors (Previous Year Rs. 184014/-)	25579610	20978007
<b>SCHEDULE 17 : OTHER EXPENSES</b>		
<b>Repairs &amp; Maintenance:</b>		
Buildings	582868	563005
Plant & Machinery	5804203	6490842
Others	135467	175033
	6522538	7228880
Rent	480000	360000
Rates & Taxes	487925	319588
Insurance	1646534	1424769
Bank Charges	754260	435168
Travelling & Conveyance	2711757	2943501
Postage, Telegram & Telephone	1376311	1430038
Printing & Stationery	323637	523958
Legal Expenses & Professional Fee	331420	268852
Advertisement & Publicity	606175	592123
Freight, Forwarding & Other Selling Expenses	3623439	10021432
Directors' Fee & Commission	129500	551142
Directors' Travelling Expenses	135848	59689
Selling Agents Commission	4795029	4488272
<b>Auditors' Remuneration:</b>		
(including service tax, as applicable)		
Audit Fee	59400	57750
Tax Audit Fee	13500	10500
Other Services	18360	18375
Reimbursement of Expenses	7500	7500
	98760	94125
Cost Audit Fee (including service tax)	19440	18900
Internal Audit Fee (including service tax)	21000	-
Vehicle Expenses	939138	993136
Miscellaneous Expenses	1834688	1652758
Share Issue Expenses Written off	-	40968
	26837399	33447299

**SCHEDULE 18 : NOTES FORMING PART OF THE ACCOUNTS**

**1. Significant Accounting Policies :**

**A. General :**

The financial statements are prepared under the historical cost convention 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. The leave encashment benefit payable to employees is provided for in the accounts on the basis of actuarial valuation.

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.

---

# SHREE BHAWANI PAPER MILLS LIMITED

---

**J. Taxation :**

Current tax is determined as the amount of Tax Payable in respect of taxable income for the year.

The deferred tax for timing difference between the book and tax - profit for the year is accounted using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred Tax assets arising from the timing difference are recognised to the extent that there is reasonable certainty that sufficient future taxable income will be available.

2. Contingent liability not provided for:

Customers Cheques/Bills discounted Rs. NIL (Previous Year Rs. 2675545/-).  
Guarantees given by bank Rs. 23.56 lacs (Previous Year Rs. 7.77 Lacs)

3. Estimated amount of capital contracts remaining to be executed and not provided for Rs. 40.72 Lacs (Previous Year Rs. 47.65 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. Sundry creditors include Rs 1787320.96 due to Small Scale Industrial (SSI) undertaking to the extent such parties have been indentified from the information available. Names of SSI's to whom amounts payable are outstanding for more than 30 days as at 31st March, 2003 are : M/s Amar Alum & Allies Chemicals Pvt. Ltd; M/s Archana Mineral Industries; M/s. G D Associates; M/s. S N Pandey & Co.; M/s Khajuraho Minerals Unit No. 4; M/s Krishana Agro; M/s Sigma Minerals Limited; M/s Silverline Minerals & Chemicals; M/s S K Beri & Bros and M/s. Vaishnav Steel Pvt. Ltd.

6. Managing & Joint Managing Director's remuneration	<u>2002-2003</u> <b>Rupees</b>	<u>2001-2002</u> Rupees
Salary	1200000	1080000
Commission	-	481142
Perquisites	689290	577904
Retirement benefits	-	100000
	<u>1889290</u>	<u>2239046</u>

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

# SHREE BHAWANI PAPER MILLS LIMITED

7. The break-up of deferred tax assets and liabilities into major components at the year end is as below :

	As at 01.04.2002	Charge* prior period	Charge during the year	As at 31.03.2003
<b>Deferred Tax Liability :</b>				
Depreciation	8694197	31822709	12607379	53124285
<b>Deferred Tax Assets :</b>				
Unabsorbed Depreciation	1980351	7205274	8458921	17644546
<b>Net Deferred Tax Liability</b>	<u>6713846</u>	<u>24617435</u>	<u>4148458</u>	<u>35479739</u>
<b>*1. Deferred Tax for the year 2001-2002</b> (Charged to balance of profit brought forward)		<b>5975644</b>		
<b>2. Accumulated balance of Deferred Tax upto 31.03.2001</b> (Charged to General Reserve)		<b>18641792</b>		

In view of unabsorbed depreciation, the Company has no taxable income for the current and previous year. Provision made in these accounts for current tax represents minimum alternate tax payable under the provisions of Income Tax Act, 1961. Accordingly, during the financial year 2001-2002 the deferred tax assets and liabilities were measured and accounted for using the tax rate under Section 115 JB (MAT) of the Income Tax Act, 1961. In view of interpretation of Accounting Standard for taxes on Income (AS-22) in the context of Section 115 JB of the Act issued by ICAI, deferred tax assets and liabilities upto the financial year 2001-2002 have now been measured and accounted for using the applicable regular tax rates of the Income Tax Act, 1961.

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

	Year Ended 31.03.2003	Year Ended 31.03.2002
Profit attributable to the equity share holders (Rs.) (A)	6239862	18447757
Basic/Weighted average number of Equity Share outstanding during the year (Nos) (B)	4106000	4106000
Nominal value of Equity Share (Rs.)	10	10
Basic/Diluted Earnings Per Share (Rs.) (A/B)	1.52	4.49

9. Related Party Disclosure as per Accounting Standard 18 :

List of related parties and relationships :

**Key Management Personnel**

1. Shri Sudhir Tandon - Managing Director
2. Shri Girish Tandon - Joint Managing Director

**Relative of Key Management Personnel**

1. Shri Hari Mohan Das Tandon
2. Smt. Sulochani Devi Tandon
3. Shri Badri Vishal Tandon



# SHREE BHAWANI PAPER MILLS LIMITED

---

4. Shri Satish Tandon
5. Smt. Savita Seth
6. Smt. Indu Mehrotra
7. Smt. Shail Tandon
8. Smt. Neera Tandon
9. Smt. Surabhi Mehra
10. Shri Manas Tandon
11. Smt. Paridhi Tandon
12. Shri Akshat Tandon

**Transactions with Related Parties :**

Nature of Transactions	Key Management Personnel	Relative of Key Management Personnel
I. Rent for Office Premises	Rs. 80000	Rs. 120000
II. Interest on Fixed Deposits taken	Rs. 44042	Rs. 201439
III. Managerial Remuneration	Rs. 1889290	Rs. 38500
IV. Outstanding Balance of Fixed Deposits including interest accrued thereon as at 31.03.2003	Rs. 4523903	Rs. 1711099
V. Managerial remuneration payable as at 31.03.2003	Rs. 106200	—

**10. Segment Information :**

The Company operates only in one business segment, that is, "Printing, Writing and Wrapping Papers".

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

# SHREE BHAWANI PAPER MILLS LIMITED

	2002-2003	2001-2002		
<b>12.a) CAPACITIES AND PRODUCTION</b>				
<b>CAPACITIES</b>				
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		
<b>PRODUCTION</b>				
Finished Goods	18062 MT	18517 MT		
Printing, Writing & Wrapping Papers				
<b>b) SALES</b>				
Printing, Writing & Wrapping Papers	18562 MT Rs. 462322963	18035 MT Rs. 457912317		
<b>c) STOCK OF FINISHED GOODS</b>				
i) Closing Stock	526 MT	1026 MT		
Printing, Writing & Wrapping Papers	Rs. 11914517	Rs. 22423677		
ii) Opening Stock	1026 MT	544 MT		
Printing, Writing & Wrapping Papers	Rs. 22423677	Rs. 14208119		
<b>d) RAW MATERIALS CONSUMED</b>				
	<b>Qty (MT)</b>	<b>Value (Rs)</b>	<b>Qty (MT)</b>	<b>Value (Rs)</b>
Wood Pulp	147	3352508	65	1492524
Straw & Bagasse	65556	44544624	65568	34168658
Waste Paper	185	1979794	136	1471338
Jute, Waste & Hemp	2382	18504490	2236	15877318
Cotton Waste	1765	17495696	1821	15786111
		85877112		68795949
<b>e) CONSUMPTION OF RAW MATERIALS, STORES &amp; SPARES</b>				
	<b>2002-2003</b>		<b>2001-2002</b>	
	<b>Rupees</b>	<b>%</b>	<b>Rupees</b>	<b>%</b>
<b>i) RAW MATERIALS</b>				
Imported	3352508	3.90	1492524	2.17
Indigenous	82524604	96.10	67303425	97.83
<b>ii) STORES &amp; SPARES</b>				
Imported	649227	0.50	545897	0.40
Indigenous	129899828	99.50	137038633	99.60
<b>f) CIF VALUE OF IMPORTS</b>				
i) Raw Materials	1862507		1692578	
ii) Stores & Spares	717854		2463712	
iii) Capital Goods	774022		-	
<b>g) EXPENDITURE IN FOREIGN CURRENCY</b>				
Travelling	-		245940	
<b>h) EARNINGS IN FOREIGN CURRENCY</b>				
On Export of Goods (FOB Basis)	285529		-	

# 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 : 4783 State Code : 20  
Balance Sheet Date : 31 03 2003

### (II) CAPITAL RAISED DURING THE YEAR

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

### (III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	Total Assets
362570	362570
Sources of Funds	
Paid-up Capital	Reserves & Surplus
41060	57622
Secured Loans	Unsecured Loans
145118	43087
Deferred Tax Liability	
35480	
Application of Funds	
Net Fixed Assets	Investments
223912	NIL
Net Current Assets	Accumulated Losses
98455	NIL

### (IV) PERFORMANCE OF COMPANY

Turnover	Total Expenditure
448054	436766
Profit Before Tax	Profit After Tax
11288	6240
Earning Per Share in Rs.	Dividend Rate
1.52	NIL

---

**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 18  
As per our Report of even date.

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

**(P. L. GUPTA)**  
**PARTNER**

**PLACE : ALLAHABAD**  
**DATED : 28TH JULY, 2003**

**SUDHIRTANDON**  
**MANAGING DIRECTOR**

**BABITA JAIN**  
**COMPANY SECRETARY**

**GIRISH TANDON**  
**JOINT MANAGING DIRECTOR**

**BADRI VISHAL TANDON**  
**J.S. MATHARU**  
**C.M. KRISHNA**  
**SUSHIL KHANNA**  
**OM NATH KAPOOR**  
**K.A. PAI**

} **DIRECTORS**

**SHREE BHAWANI PAPER MILLS LIMITED**

---

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003**

	<b>Year Ended 31-03-2003</b>	<b>(RUPEES IN LACS) Year Ended 31-03-2002</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		
Adjustment for :	<b>112.88</b>	218.17
Depreciation	<b>168.23</b>	128.50
Write Offs	-	0.41
Interest Expenses	<b>255.80</b>	209.78
Interest Income	<b>-1.86</b>	-2.45
(Profit)/Loss on Sale of Fixed Assets	<b>-2.12</b>	-0.69
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>532.93</b>	553.72
Adjustments for :		
Trade & other receivables	<b>-23.08</b>	16.49
Inventories	<b>164.31</b>	-85.58
Trade payables and other liabilities	<b>19.70</b>	-208.31
<b>CASH GENERATED FROM OPERATIONS</b>	<b>693.86</b>	-345.41
Direct taxes paid	<b>-18.36</b>	-20.45
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>675.50</b>	324.96
Extraordinary items	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b> ... A	<b>675.50</b>	324.96
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>-201.62</b>	-401.32
Sale of Fixed Assets	<b>5.24</b>	2.80
Interest received	<b>3.40</b>	2.64
<b>NET CASH USED IN INVESTING ACTIVITIES</b> ... B	<b>-192.98</b>	-395.88

# SHREE BHAWANI PAPER MILLS LIMITED

	Year Ended 31-03-2003	Year Ended 31-03-2002
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	-	258.53
Repayment of Long Term Borrowings	-103.32	-159.32
Net Increase/decrease in Cash Credit facilities	-134.19	9.95
Deposits	43.46	44.67
Hire Purchase	-2.22	6.38
Interest paid	-249.71	-206.54
Dividend paid	-39.92	0.03
<b>NET CASH USED IN FINANCING ACTIVITIES</b> .....C	<b>-485.90</b>	<b>-46.30</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-3.38</b>	<b>-117.22</b>
<b>CASH AND CASH EQUIVALENTS</b> (Opening Balance)	<b>42.30</b>	<b>159.52</b>
<b>CASH AND CASH EQUIVALENTS</b> (Closing Balance)	<b>38.92</b>	<b>42.30</b>

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 : ALLAHABAD  
DATED : 28TH JULY, 2003

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

### AUDITORS' CERTIFICATE

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, 2003. 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 28th July, 2003, to the Members of the Company.

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

PLACE : ALLAHABAD  
DATED : 28TH JULY, 2003.

(P. L. GUPTA)  
PARTNER

**PRINTED ON : PAPER MANUFACTURED BY SHREE BHAWANI PAPER MILLS LIMITED  
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 Fourth Annual General Meeting of the Company to be held on 18th Sept., 2003 and at any adjournment thereof.  
hand/hands this .....

..... day  
of ..... 2003

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 24th Annual General Meeting held at Registered Office of the Company at 33, Dayanand Marg, Allahabad—211 002 on Thursday, the 18th September, 2003 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  
CUT HERE



**BOOK POST  
UNDER CERTIFICATE OF POSTING**

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