

*Nineth
Annual Report*
1999 - 2000



Sree Sakthi Paper Mills Limited

SREE SAKTHI PAPER MILLS LIMITED

DIRECTORS

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

BANKERS

State Bank of India

AUDITORS

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

REGISTERED OFFICE

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

FACTORIES

KRAFT PAPER UNIT:
Development Area,
Edayar, Alwaye.

DUPLEX BOARD UNIT:
Kanjirapilly
Chalakkudy

SREE SAKTHI PAPER MILLS LIMITED
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Regd. Office Sree Kailas
39/2724 Paliam Road, Ernakulam
Cochin - 682 016

NOTICE TO SHARE HOLDERS

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

AGENDA

ORDINARY BUSINESS

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

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

Cochin - 16
4-9-2000

R. Ponnambalam
Company Secretary

Notes :

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

SREE SAKTHI PAPER MILLS LIMITED

DIRECTORS REPORT TO THE SHAREHOLDERS

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

FINANCIAL RESULTS

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

REVIEW OF OPERATIONS 1999-2000

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

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

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

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

Prospects for 2000 - 2001

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

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

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

Barring unforeseen circumstances, Company

SREE SAKTHI PAPER MILLS LIMITED

expects to achieve satisfactory results for the current year.

Industrial Relations

The industrial relations scenario was peaceful and cordial atmosphere prevailed.

Dividend

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

Board of Directors

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

Auditors

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

Foreign Exchange Earnings and out-go

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

PARTICULARS UNDER SECTION 217

Conservation of Energy, Technology Absorption

Statement of particulars under section

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

Particulars of Employees

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

Acknowledgement

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

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

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

By and on behalf of the
Board of Directors

Kochi 16
Date 31-08-2000

S. Sivathanu Pillai
Chairman

SREE SAKTHI PAPER MILLS LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'A'

(See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption

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

B. Consumption per unit of production

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

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'B'

(See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. Research and development (R & D)

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

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

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

Particulars of imported technology

No Technology has been imported