



SHREE MANUFACTURING COMPANY LIMITED



**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2000**

SHREE MANUFACTURING COMPANY LIMITED

Board of Directors

G. D. KOTHARI *Chairman*
S. N. SINGHANIA
A. BASU (*Nominee of ICICI*)
K. K. MOHTA
P. K. DAGA
C. K. DHANUKA
BHARAT MOHTA

Bankers

STATE BANK OF INDIA
STATE BANK OF HYDERABAD

Auditors

RASHMI & COMPANY

Registered Office

A-1, GILLANDER HOUSE
NETAJI SUBHAS ROAD
KOLKATA - 700 001

Spinning Mill

VILL. ISNAPUR
P.O. IDA PASHAMILARAM
DIST. MEDAK - 502307
ANDHRA PRADESH

SHREE MANUFACTURING COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held at the Williamson & Magor Hall of the Bengal Chamber of Commerce & Industry, (1st floor), Royal Exchange, 6 Netaji Subhas Road, Kolkata - 700 001 on Friday the 29th of June 2001 at 4.00 PM to transact the following business :

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st December, 2000 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S.N. Singhania who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. P. K. Daga who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

Registered Office

A-1, Gillander House
Netaji Subhas Road,
Kolkata - 700 001
Dated : 18th May, 2001

By order of the Board
for **SHREE MANUFACTURING COMPANY LTD.**

BHARAT MOHTA
Director

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a Member of the Company.
2. The Register of Members of the Company will remain closed from 25th June, to 29th June, 2001 both days inclusive.

SHREE MANUFACTURING COMPANY LIMITED**DIRECTORS REPORT**

Your Directors are presenting the Annual Report and Audited accounts of the Company for the financial year ended 31st December 2000.

FINANCIAL RESULTS

		(Rupees in lacs)
Loss for the year		262.44
Add : Depreciation	84.09	
Interest	111.15	195.24
Loss for the year		457.68
Add : Loss B/F from previous year		928.13
Balance Carried to Balance Sheet		1385.81

DIVIDEND

In view of the accumulated losses, your Directors do not recommend any dividend for the year under review.

OPERATION

Your Directors report that the turnover of the company was Rs. 721 lacs during the part of the year. As reported in our previous report, due to unreasonable demands and indiscipline by the workers for increase in wages, the management was compelled to declare a Lock-out in the factory since March, 2000. Since the operations were suspended and unfavourable condition prevailed, Company suffered a huge loss of Rs. 457.68 lacs during the year.

STATUS UNDER BIFR

As reported earlier due to erosion of Net worth a reference was made to BIFR. Accordingly BIFR Board vide its order dt. 25th September, 2000 declared the Company as Sick U/s. 15(1) of the SICA. BIFR Board also appointed State Bank of India, as Operating Agency. The rehabilitation scheme was submitted to State Bank of India, which in turn appointed M/s. Texpro (India) to study the detailed Techno Economic viability of the Company. Now State Bank of India will submit the rehabilitation scheme to BIFR when the matter will be considered further.

AUDIT COMMITTEE

Pursuant to Sec. 292A of the Companies Act 1956 read with clause 49 of the Listing Agreement with Stock Exchanges. Your Board has constituted an Audit Committee comprising of Sri G.D. Kothari, Sri K.K. Mohta and Sri Bharat Mohta, the Directors of the Company. The Audit Committee has elected Sri G.D. Kothari as Chairman of the said Committee. The terms of reference of this Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreement. One meeting was held before finalisation of Annual Accounts.

PERSONNEL

Due to lock-out / suspension of works, most of the Workmen, Staff and Officers of the Company have since been laid off. However negotiations with the workers are going on and a Scheme of

SHREE MANUFACTURING COMPANY LIMITED

Voluntary Retirement is under consideration.

ENVIRONMENT AND SAFETY

In view of Lock-out the requirement of environment safety is neither applicable nor possible.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

Information in accordance with Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of this Report are given in Annexure 1 to this Report.

The particulars of employees required under section 217 (2A) of the Companies Act, 1956 is not applicable to the Company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the companies Act, 1956 and subject to practical constraints as described in Note 4 of Schedule 23 your Directors state that –

- In the preparation of Annual Accounts, the applicable accounting standard had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimated that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and the Profit and loss of the Company for the year.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

FIXED DEPOSIT

The company has not accepted any fixed deposit.

LISTING OF EQUITY SHARES ON STOCK EXCHANGES

The Company's Shares are listed on the Stock Exchanges in Calcutta and Mumbai. But due to inadequacy of funds listing fees are due.

AUDITORS REPORT

The notes to the accounts, referred to in the Auditors Report, are self explanatory and therefore do not call for any further comment on the auditors Report under section 217(3) of the Companies Act, 1956.

DIRECTORATE

Mr. Utsav Parekh, Mr. R. Surender Reddy resigned from the Board w.e.f. 7.3.2001 and 26.3.2001 respectively.

Mr. Samar Kar, a nominee Director have since been withdrawn from the Board by the State Bank of India.

SHREE MANUFACTURING COMPANY LIMITED

Your Directors wish to place on record the appreciation of the valuable services rendered by Mr. Utsav Parekh, Mr. R Surender Reddy & Mr. Samar Kar during their tenure of Office.

Mr. S. N. Singhania and Mr. P. K. Daga retire by rotation and are eligible for reappointment.

DEMATERIALISATION OF SHARES

The Company received a letter from Securities & Exchange Board of India intimating compulsory dematerialisation of the Shares of the Company w.e.f. 26th December, 2000. Due to losses coupled with financial constraints, the Company expressed its inability to bear the cost and requested them to defer the dematerialisation of the shares.

AUDITORS

Messrs Rashmi & Company, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting.

ACKNOWLEDGEMENT

Your Directors have pleasure in recording their appreciation of assistance extended to your company by various Government Departments and also the Financial Institutions and the Commercial Banks for their support and co-operation.

On behalf of the Board

Kolkata, 18th May 2001

G.D.Kothari
Chairman



SHREE MANUFACTURING COMPANY LIMITED

ANNEXURE I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2000

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 and read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, forming part of the Directors' Report.

A. CONSERVATION OF ENERGY

Efficient and controlled use of electric energy was implemented only upto March 2000. Thereafter due to lock-out and suspension of work no effective measures were possible.

FORM - A

		2000	1999
A.	Power & Fuel Consumption		
1.	Electricity		
	a) Purchased		
	Units	1164870	5337565
	Total Amount (Rs.)	4991450	21768536
	Rate Unit (Rs.)	4.28	4.08
	b) Own Generation (Through Diesel Generator)		
	Units	566789	2049871
	Units per Ltr of Diesel Oil	3.38	3.41
	Cost Unit (Rs.)	4.12	3.19
2.	Coal		
	Quantity (M. Tons)	202	903
	Total Cost (Rs.)	400487	1726947
	Cost/M.Ton (Rs.)	1979	1912
3.	Furnace Oil	—	—
B.	Consumption per unit of production		
	Production (M. Tons)	507	2332
	Electricity per M. Ton of production Units	3415	3168

SHREE MANUFACTURING COMPANY LIMITED

FORM - B

A. RESEARCH AND DEVELOPMENT (R & D)

1. Research and Development activities carried out till previous year continued only upto March 2000. Thereafter since Factory is under lock-out no further steps were possible in this regard.
2. Expenditure on R & D

a) Capital	Rs. NIL
b) Recuring	Rs. 125046
c) Total	Rs. 125046

B. TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption

Two For One Twister and Auto-coner were installed to produce quality yarn till previous year but are now not in operation.
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2. Benefit derived as a result of above efforts. e.g. output improvement. Cost reduction, product development import substitution.

NIL

3. Details of imported technology

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- i) Foreign Exchange used during the year

NIL

- ii) Foreign Exchange earned during the year

Rs. 23.96 lacs.

On behalf of the Board

Kolkata, 18th May 2001

G. D. Kothari
Chairman