
SHREE BHAWANI PAPER MILLS LIMITED

DIRECTORS

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

COMPANY SECRETARY

Smt. Babita Jain

AUDITORS

M/s B. Chhawchharia & Co.
Chartered Accountants

BANKERS

Bank of Baroda
Indian Bank

REGISTERED & ADMINISTRATIVE OFFICE

33, Dayanand Marg, Allahabad -211 002

MILLS

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

REGISTRAR & SHARE TRANSFER AGENT

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

SHREE BHAWANI PAPER MILLS LIMITED

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SHREE BHAWANI PAPER MILLS LIMITED

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of SHREE BHA WANI PAPER MILLS LIMITED will be held at the Registered Office of the Company at 33, Dayanand Marg, Allahabad- 211 002, on Monday, the 27th September, 2004 at 1.00 P.M. to transact the following Business :-

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended 31st March, 2004, the Report of the Auditors and the Report of the Directors, thereon.
2. To appoint a Director in place of Shri C M Krishna, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sushil Khanna, 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 P.L. Gupta & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company in place of M/s. B. Chhawchharia & Co., Chartered Accountants, the retiring Auditors, 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.”

REGISTERED OFFICE :
33, DAYANAND MARG
ALLAHABAD - 211 002

DATED : 31ST JULY, 2004

BY ORDER OF THE BOARD

BABITA JAIN
COMPANY SECRETARY

SHREE BHAWANI PAPER MILLS LIMITED

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. The relevant explanatory statement pursuant to Item No.4 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 15th September, 2004 to 27th September, 2004 (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:

In terms of Section 205-C of the Companies Act, 1956, the unclaimed Dividend for the financial year 1995-96 has been transferred to Investor Education and Protection Fund in the month of October, 2003.

The Unclaimed Dividend for Financial Years 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 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 the Stock Exchange, Mumbai where the Company's equity shares are listed, for the financial year 2004-2005.
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 C M Krishna, aged about 68 years, is MA (Economics), LLB and has more than 40 years working experience in various corporates at higher managerial level. Presently, he is working as Consultant with the Industries. He has been a Director of the Company since 1998.
Details of other Directorship/Committee Membership held by him : NIL
 - (ii) Shri Sushil Khanna, aged about 53 years, is fellow (Ph.D), PGDM (MBA) from Indian Institute of Management, Calcutta. He is a Professor, teaching in the same Institute and has expertise in financial and managerial matters. He has been a Director of the Company from 2002 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

SHREE BHAWANI PAPER MILLS LIMITED

EXPLANATORY STATEMENT

ITEM NO. 4

M/s. B. Chhawchharia & Co., Chartered Accountants, Retiring Auditors of the Company, have expressed their inability to continue as Statutory Auditors of the Company. Your Directors recommend the appointment of M/s. P.L. Gupta & Co., Chartered Accountants, as Statutory Auditors of the Company for the period ending with the conclusion of next Annual General Meeting.

M/s. P.L. Gupta & Co., Chartered Accountants, have confirmed that their appointment as Statutory Auditors of the Company, if made, will be within the prescribed limits specified in Section 224 (I-B) of the Companies Act, 1956.

None of the Directors of the Company is interested in the said Resolution.

REGISTERED OFFICE:
33, DAYANAND MARG
ALLAHABAD - 211 002

BY ORDER OF THE BOARD

BABITA JAIN
COMPANY SECRETARY

DATED : 31ST JULY, 2004

SHREE BHAWANI PAPER MILLS LIMITED

DIRECTORS' REPORT

We have pleasure in presenting our 25th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2004.

PERFORMANCE

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

	Year ended 31.03.2004	Year ended 31.03.2003
Production (Tonnes)	<u>19611</u>	<u>18062</u>
Sales	Rs. 5008 Lacs	Rs. 4472 Lacs
Gross Profit	460	537
Less : Interest	255	256
Depreciation for the year	<u>173</u>	<u>168</u>
Profit for the year before tax	32	113
Less : Provision for taxation	<u>14</u>	<u>51</u>
	18	62
Profit brought forward from last year	62	59
Less : Deferred tax liability of prior year	-	59
	<u>80</u>	<u>62</u>
Surplus carried to Balance Sheet		

The Company could achieve record production during the year under review, mainly on account of benefits accruing from modification in MF Paper Machine undertaken in the previous year.

Despite increase in production, profit is lower. Adverse impact of availability and high cost of raw materials and husk fuel due to severe drought of 2002, was partially felt during the year under review. Excise duty burden increased due to withdrawal of nil levy earlier applicable on initial despatch of 3,500 tonnes of paper. Paper market condition remained weak. Your Directors are skipping dividend due to paucity of adequate profits.

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.

AUDITOR'S REPORT

Referring to remark in para 4 (IV) of the Auditor's Report, the Board of Directors wish to state that the Company is complying with the requirements of AS-2. 'Valuation of inventories'. Inventories are valued at cost or net realisable value whichever is lower.

SHREE BHAWANI PAPER MILLS LIMITED

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, 2004, fixed deposits from the public and shareholders aggregated to Rs. 331.55 lacs. There has been no unpaid/unclaimed/overdue deposit as on date.

DIRECTORS

Shri C M Krishna and Shri Sushil Khanna, Directors of the Company, are retiring by rotation and are eligible for re-election.

AUDITORS

M/s B. Chhawchharia & Co., Chartered Accountants, retiring Auditors of the Company, have informed that they are unable to continue as Statutory Auditors of the Company. Your Directors would like to place their deep appreciation for the professional and dedicated services rendered for more than two decades by M/s. B. Chhawchharia & Company, the retiring Auditors. Your Directors recommend the appointment of M/s. P.L. Gupta & Co., Chartered Accountants, as Statutory Auditors of the Company for accounting year 2004-05. They are eligible for appointment and have furnished certificate to the effect that their appointment, if made, will be in accordance with the limits specified in Sub-section (I-B) of Section 224 of the Companies Act, 1956.

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 complied with all the mandatory requirements of Corporate Governance. A detailed report on Corporate Governance and Management Discussion and Analysis forming the part of the Directors' Report is enclosed as Annexure-II.

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

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, 2004, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;

SHREE BHAWANI PAPER MILLS LIMITED

- (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, 2004 on a 'going concern' basis.

ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD

**SUDHIR TANDON
MANAGING DIRECTOR**

**GIRISH TANDON
JOINT MANAGING DIRECTOR**

PLACE : ALLAHABAD

DATED: 31ST JULY, 2004

SHREE BHAWANI PAPER MILLS LIMITED

ANNEXURE I

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

I. CONSERVATION OF ENERGY

- (a) The modification in the press section of the MF machine has improved efficiency as well as quality in terms of sheet dryness and flatness. The steam consumption in the dryers have reduced.
- (b) More efficient boiler furnace cleaning equipment have been installed for efficient heat transfer and reduction in down time of boiler.
- (c) Power Generation from steam turbine was further improved during the year.
- (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

Own Generation	<u>Current year</u>	<u>Previous year</u>
a) Through Diesel Generators		
Units (KWH in lacs)	5.88	10.30
Units per litre of diesel oil	4.18	3.26
Diesel (Rs./Litre)	17.63	14.73
Rate/Unit (Rs.)	4.44	4.64
b) Through Steam Turbine		
Units (KWH in lacs)	222.14	200.15
Units per Tonne of Fuel	529	603
Rate /Unit (Rs.)	2.17	1.69

2. PADDY HUSK

Quantity (Tonnes)	49384	42298
Total Cost (Rs. in lacs)	482.48	347.52
Average Rate (Rs./Tonne)	977	822

3. COAL

Quantity (Tonnes)	1019	533
Total Cost (Rs. in lacs)	17.19	6.37
Average Rate (Rs./Tonne)	1686	1195

B. CONSUMPTION PER UNIT PRODUCTION

Production (Tonnes)	19611	18062
Electricity* (Units/Tonne)	1163	1165
Paddy Husk** (Tonnes/Tonne)	2.52	2.34
Coal (Tonnes/Tonne)	0.05	0.03

* 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

The press section of the MF Paper machine was modified with higher diameter rolls for higher nip pressure.

2. Benefits

There has been improvement in the machine's efficiency by reducing the load on steam dryers on account of improved dryness. The quality of paper has improved especially the flatness and appearance with slight reduction in finishing losses.

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. We are exporting paper to Nepal, Middle East countries and exploring the possibility of exporting to other countries also.
2. Foreign Exchange earnings and outgo :
Foreign exchange earnings on account of exports was about Rs. 11.00 lacs and total foreign exchange outgo during the year amounted to about Rs. 16 lacs on account of travelling and import of raw materials and spares.

ANNEXURE II

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company continues to believe that good corporate governance is a pre-requisite for enhancing the shareholder's long term value. It has been the endeavour of the Company to achieve the highest levels of transparency, accountability, independent monitoring and full disclosures within the framework of legal provisions. It is committed to enhance the Shareholder's value over a sustained period of time and accountable to its shareholders, employees, financial institutions, bankers, lenders and government at large. 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 regularly considered by the Board. Your Company is committed to follow good corporate governance practices and improve upon them from year after year.

BOARD OF DIRECTORS

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

Name of the Director	Category	Nos. of outside Directorship held	Nos. of Committee Membership held	No. of Board Meetings		Attended Last A.G.M.
				held	Attended	
Shri Sudhir Tandon Managing Director	Promoter Executive	2	1	4	4	Yes
Shri Girish Tandon Jt. Managing Director	Promoter Executive	2	1	4	3	Yes
Shri Badri Vishal Tandon	Promoter Non Executive	3	2	4	4	Yes
Shri J S Matharu	Independent Non Executive	-	2	4	4	Yes
Shri C M Krishna	Independent Non Executive	-	-	4	2	No
Shri Om Nath Kapoor	Independent Non Executive	-	-	4	2	No
Shri K A Pai	Independent Non Executive	-	1	4	3	No
Shri Sushil Khanna	Independent Non Executive	-	2	4	3	No

It is clear from the above, that the 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 numbers 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 29.04.2003, 28.07.2003, 28.10.2003 and 29.01.2004.

Shri C.M. Krishna and Shri Sushil Khanna are liable to retire by rotation and being eligible and offers themselves for re-appointment. Your Directors recommend their re-appointment at the forth-coming 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.

SHREE BHAWANI PAPER MILLS LIMITED

AUDIT COMMITTEE

The Audit Committee of the Company is presently 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	4	4
Shri Sushil Khanna	4	3
Shri Badri Vishal Tandon	4	4

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreement with the Stock Exchange. The Committee reviews various areas of Audit and Accounts, All important financial statements such as periodical unaudited/audited results, operating statements are reviewed/approved by the Committee before submission to the Board. It lays down internal audit schedules, reviews internal audit reports and follow up actions thereon. 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 is presently 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 2003-2004. 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 rights, 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 fee for attending the Meetings of the Board or Committee thereof. The remuneration paid to Executive Directors is decided by the Board of Directors within the limits laid down under the provisions of the Companies Act, 1956 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 2003-2004 to Shri Sudhir Tandon, Managing Director, Rs. 1002512/- and Shri Girish Tandon, Joint Managing Director, Rs. 1026189/-.

SHREE BHAWANI PAPER MILLS LIMITED

SITTING FEE PAID TO NON EXECUTIVE DIRECTORS

Remuneration by way of sitting fee for attending the Meeting of the Board/Committees thereof during the financial year 2003-04 is given below :

Sl. No.	Name of Directors	Amount (Rs.)
1.	Shri Badri Vishal Tandon	45,500/-
2.	Shri J. S. Matharu	31,500/-
3.	Shri C. M. Krishna	7,000/-
4.	Shri Om Nath Kapoor	7,000/-
5.	Shri K A Pai	14,000/-
6.	Shri Sushil Khanna	24,500/-

SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

The Investor's Grievance Committee of the Company is comprising of following three Directors :

Shri Badri Vishal Tandon, Chairman

Shri Sudhir Tandon

Shri Girish Tandon

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, transmission of shares and all other allied transactions. The Committee had delegated the 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 of the Company, with a view to expedite the process of share transfer and transmission etc. They meet quiet often to expedite all the matters relating to transfer of shares etc.

Outstanding complaints as on 31st March, 2004 - NIL

The number of share transfer pending as on 31st March, 2004 - NIL

During the year, the Investor's Grievance Committee had five Meetings. All the Directors were present in the Meetings.

GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2000-2001	Regd. Office of the Company at 33, Dayanand Marg, Allahabad	27.09.2001	1.00 PM
2001-2002	- do -	21.08.2002	1.00 PM
2002-2003	- do -	18.09.2003	1.00 PM
2003-2004*	- do -	27.09.2004	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.

BOOK CLOSURE

15th September, 2004 to 27th September, 2004 (Both days inclusive)

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 10 of Schedule 18 annexed to Balance Sheet and Profit & 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.

SHREE BHAWANI PAPER MILLS LIMITED

MEANS OF COMMUNICATION

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

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

Date & Time : September 27, 2004 at 1.00 PM
Venue : Regd. Office of the Company at Allahabad

LISTING

The Stock Exchange, Mumbai
Phiroze JeeJee Bhoy Tower,
Dalal Street, Mumbai

The Listing Fee for the financial year 2004-2005 have been paid to the Stock Exchange, Mumbai.

During the year under review, the equity shares of the Company have been delisted from the Stock Exchanges at Delhi & Kanpur in accordance with the approval granted by the shareholders. However, the Company's equity 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
Phone: 011 - 30940462/30950999/29833777
Fax : 011 - 29848352

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.

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

NIL

SHREE BHAWANI PAPER MILLS LIMITED

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

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 - 30940462/30950999/29833777
Fax : 011 - 29848352

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

SHREE BHAWANI PAPER MILLS LIMITED

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, 2004, 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, and the representations made by the Directors and the management, 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 as at 31st March, 2004 against the Company as per the records maintained by the Investors Grievance Redressal 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**

**(S.K. CHHAWCHHARIA)
PARTNER
Membership No. 008482**

**NEW DELHI
JUNE 26, 2004**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT

The Paper Industry is one of the core sectors of the Indian Economy. The Indian Paper Industry has an installed capacity of about 5 million tonnes. The growth rate of Paper Industry in financial year 2003-2004 is around 5% and this rate of growth is expected to continue in the coming decade. The domestic paper industry is divided into two segments in accordance with the raw materials consumed i.e. wood based and non wood based. While wood based produce around 38% of the total paper production balance contributed by non wood based Paper Mills. Our Mill is based on unconventional raw-material like rice straw, wheat straw, bagasse, jute waste, waste paper etc. The agro based Paper Mills help the country to reduce the dependence on scarce forest resources and also converting "Waste into Wealth". The agro based Paper Mills provide additional income to farmers for the agri residues which used to be wasted by them earlier.

OPPORTUNITIES AND THREATS

Due to demand and supply gap in our country, the Company is assured of a stable market for its products. 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.

PRODUCT WISE PERFORMANCE

During the year, the Company achieved a capacity utilization of 93%. The production of MG & MF varieties of paper during the year under review is 19611 MT as compared 18062 MT during the previous year. It could occur because of the benefits of modification in IIIrd press section of MF Machine undertaken in past year and the favourable product mix. The Company procured large orders for MF paper from the Government Departments.

OUT LOOK

Having regard to the on going process of modification and modernisation of manufacturing facilities, better energy management, better product mix, the management is optimistic about the future outlook of the Company in long term.

During the year 2004, international paper shows good start to the first quarter followed by a pickup in demand and pricing, rest of the year.

RISK AND CONCERNS

- The Company faces competition from cheap imports from Russia, Indonesia, South East European Countries.
- The availability of chief raw material namely, bagasse, wheat straw, paddy straw and paddy husk fuel are mainly seasonal and dependent upon the crop.
- The Government has imposed the excise duty of 16% equivalent to conventional wood based Paper Mills which produce better quality paper. The Government has also withdrawn the total exemption of excise duty for the first clearances of 3500 tonnes and imposed the excise duty of 8.125% advalorem during the year.
- The price movement has shown an upward trend in the international market by the end of 2003, with the result, the process in the domestic market have also started improving and the industry is looking better times ahead.

FINANCIAL PERFORMANCE

The Company's gross turnover for the year ended 31st March, 2004 has gone up from Rs. 44.72 crores to 50.08 crores resulting growth of 12%. The improvement has also taken place in operational efficiency of the plant because of the

SHREE BHAWANI PAPER MILLS LIMITED

modification in IIIrd press Section of MF paper machine and replaced Head box. Continuing with the change in product mix during the year, Company able to achieve 93% of capacity utilization.

However, the overall performance of the Company during the year ended 31st March, 2004 has not been satisfactory due to several factors like imposition of 8% excise duty against NIL on first clearances of 3500 MT, the freight & forwarding expenses increased mainly due to increase in price of fuel. Paddy husk is the main fuel used in the 24 TPH high pressure high temperature boiler for Turbo power Generator. Normally it is available in abundance from November-February period when the stocking is done for full year consumption. There was severe drought prevailing in the region during the last procurement period of 2002-03, the Company had to make procurement of paddy husk and other agri-residues at much higher rate. Further, in the season of April to October, 2003 the prices of agri-residues increased to much higher level.

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 efficiency. All issues raised by internal Auditors are being suitably dealt with and rectified under the close monitoring of the Audit Committee.

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, 2004, the Profit & Loss Account and also Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956, *except AS-2, 'Valuation of Inventories' which requires the inventories to be valued at lower of cost and net realisable value.*
 - (v) On the basis of written representations received from the Directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2004 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, 2004;
 - 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**

**NEW DELHI
JUNE 26, 2004**

**(S.K. CHHAWCHHARIA)
PARTNER
Membership No. 008482**

ANNEXURE TO THE AUDITORS' REPORT

RE: SHREE BHAWANI PAPER MILLS LIMITED

Referred to in paragraph 3 of our report of even date;

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The Company has physically verified certain assets during the year in accordance with a programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- II. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. We are informed that the discrepancies identified on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- III. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- IV. 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 inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- V. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
(b) According to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
- VI. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such accounts and records.
- IX. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including

SHREE BHAWANI PAPER MILLS LIMITED

provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2004 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income-tax, wealth-tax, sales-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- X. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
- XI. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
- XII. The Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
- XIII. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- XVI. In our opinion and according to the information and explanations given to us, term loans availed by the Company were, prima-facie, applied by the Company during the year for the purposes for which the loans were obtained other than temporary deployment pending application.
- XVII. According to the information and explanations received, the Company has not applied short term borrowings for long term use and vice-versa, other than temporary deployment pending application.
- XVIII. The Company has not made any preferential allotment of shares during the year.
- XIX. The Company has not issued any debentures during the year.
- XX. The Company has not raised any money by public issues during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

**NEW DELHI
JUNE 26, 2004**

**(S.K. CHHAWCHHARIA)
PARTNER
Membership No. 008482**

SHREE BHAWANI PAPER MILLS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULE	As at 31-03-2004 Rupees	As at 31-03-2003 Rupees
I. SOURCES OF FUNDS :		
1. SHAREHOLDERS' FUNDS		
(a) Share Capital	1 41060000	41060000
(b) Reserves & Surplus	2 59400195	57622079
	100460195	98682079
2. LOAN FUNDS		
(a) Secured Loans	3 124508902	145118066
(b) Unsecured Loans	4 54385887	43086875
	178894789	188204941
3. DEFERRED TAX LIABILITY (Refer Note 8, Schedule 18)	36614377	35479739
TOTAL	315969361	322366759
II. APPLICATION OF FUNDS :		
1. FIXED ASSETS	5	
(a) Gross Block	385959592	370858906
(b) Less : Depreciation	170254839	152916564
(c) Net Block	215704753	217942342
(d) Capital Work-in-Progress	130058	5969217
	215834811	223911559
2. CURRENT ASSETS, LOANS & ADVANCES		
(a) Inventories	6 98683123	84344390
(b) Sundry Debtors	7 37132637	43844684
(c) Cash & Bank Balances	8 6498657	3892268
(d) Loans & Advances	9 5121779	6577092
	147436196	138658434
Less : CURRENT LIABILITIES AND PROVISIONS		
(a) Current Liabilities	10 44451081	38005690
(b) Provisions	11 2850565	2197544
	47301646	40203234
NET CURRENT ASSETS	100134550	98455200
TOTAL	315969361	322366759

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

FOR B. CHHAWCHHARIA & CO.,
CHARTERED ACCOUNTANTS
(S.K. CHHAWCHHARIA)
PARTNER

SUDHIR TANDON
MANAGING DIRECTOR

GIRISH TANDON
JOINT MANAGING DIRECTOR

PLACE : NEW DELHI
DATED : 26TH JUNE, 2004

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	SCHEDULE	2003-2004 <u>Rupees</u>		2002-2003 <u>Rupees</u>
INCOME				
Sales	12	500821049		447245574
Less : Excise Duty		<u>64993525</u>		<u>52209349</u>
		435827524		395036225
Other Income	13	<u>631250</u>		<u>808346</u>
		436458774		395844571
EXPENDITURE				
Materials	14	252035078		226027919
Payments & Benefits to Employees	15	56762414		48840357
Power & Fuel		52843072		40447537
Cost of Borrowings	16	25514653		25579610
Other Expenses	17	<u>28783357</u>		<u>26837399</u>
		415938574		367732822
Profit before depreciation & taxation		20520200		28111749
Depreciation		<u>17357446</u>		<u>16823429</u>
Profit before taxation		3162754		11288320
Provision for taxation				
Current tax		250000	900000	
Deferred tax		<u>1134638</u>	4148458	<u>5048458</u>
Profit after taxation		1778116		6239862
Balance brought forward from last year		6239862	5975644	
Less : Deferred Tax liability of prior year		<u>—</u>	<u>5975644</u>	<u>—</u>
Balance carried to Balance Sheet		<u>8017978</u>		<u>6239862</u>
Basic/Diluted Earnings per Share (Rs.) (Refer Note 9, Schedule 18)		0.43		1.52

NOTES FORMING PART OF THE ACCOUNTS 18

As per our report of even date.

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

**(S.K. CHHAWCHHARIA)
PARTNER**

**PLACE : NEW DELHI
DATED : 26TH JUNE, 2004**

**SUDHIR TANDON
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

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

(I) REGISTRATION DETAILS:

Registration No : State Code :
Balance Sheet Date :

(II) CAPITAL RAISED DURING THE YEAR

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

(III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	<input type="text" value="363271"/>	Total Assets	<input type="text" value="363271"/>
Sources of Funds			
Paid-up Capital	<input type="text" value="41060"/>	Reserves & Surplus	<input type="text" value="59400"/>
Secured Loans	<input type="text" value="124509"/>	Unsecured Loans	<input type="text" value="54386"/>
Deferred Tax Liability	<input type="text" value="36614"/>		
Application of Funds			
Net Fixed Assets	<input type="text" value="215835"/>	Investments	<input type="text" value="NIL"/>
Net Current Assets	<input type="text" value="100134"/>	Accumulated Losses	<input type="text" value="NIL"/>

(IV) PERFORMANCE OF COMPANY

Turnover	<input type="text" value="436459"/>	Total Expenditure	<input type="text" value="433296"/>
Profit Before Tax	<input type="text" value="3163"/>	Profit After Tax	<input type="text" value="1778"/>
Earning Per Share in Rs.	<input type="text" value="0.43"/>	Dividend Rate	<input type="text" value="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**

**(S.K. CHHAWCHHARIA)
PARTNER**

**PLACE : NEW DELHI
DATED : 26TH JUNE, 2004**

**SUDHIR TANDON
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, 2004

	Year Ended 31-03-2004	(RUPEES IN LACS) Year Ended 31-03-2003
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	31.63	112.88
Adjustment for :		
Depreciation	173.57	168.23
Interest Expenses	255.15	255.80
Interest Income	-2.23	-1.86
(Profit)/Loss on Sale of Fixed Assets	0.02	-2.12
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	458.14	532.93
Adjustments for :		
Trade & other receivables	83.42	-23.08
Inventories	-143.39	164.31
Trade payables and other liabilities	68.59	19.70
	8.62	160.93
CASH GENERATED FROM OPERATIONS	466.76	693.86
Direct taxes paid	-0.21	-18.36
CASH FLOW BEFORE EXTRAORDINARY ITEMS	466.55	675.50
Extraordinary items	—	—
NET CASH FROM OPERATING ACTIVITIES ... A	466.55	675.50
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-92.87	-201.62
Sale of Fixed Assets	0.05	5.24
Interest received	0.48	3.40
NET CASH USED IN INVESTING ACTIVITIES ...B	-92.34	-192.98

SHREE BHAWANI PAPER MILLS LIMITED

	Year Ended 31-03-2004	Year Ended 31-03-2003
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	100.00	–
Repayment of Long Term Borrowings	-257.49	-103.32
Net Increase/decrease in Cash Credit utilisation	-45.27	-134.19
Deposits	112.99	43.46
Hire Purchase	-3.33	-2.22
Interest paid	-254.51	-249.71
Dividend paid	-0.53	-39.92
NET CASH USED IN FINANCING ACTIVITIESC	-348.14	-485.90
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	26.07	-3.38
CASH AND CASH EQUIVALENTS (Opening Balance)	38.92	42.30
CASH AND CASH EQUIVALENTS (Closing Balance)	64.99	38.92

Notes : (i) Figures in brackets 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 : 26TH JUNE, 2004

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, 2004. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the Stock Exchange 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 26th June, 2004, to the Members of the Company.

FOR B. CHHAWCHHARIA & CO.,
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 26TH JUNE, 2004.

(S.K. CHHAWCHHARIA)
PARTNER

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 Fifth Annual General Meeting of the Company to be held on 27th Sept., 2004 and at any adjournment thereof.
hand/hands this
..... day
of 2004

Signed by the said
Folio No.: DP ID No.* Client ID No.*

* Applicable for members holding shares in electronic form.

30 Paise Revenue Stamp

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 25th Annual General Meeting held at Registered Office of the Company at 33, Dayanand Marg, Allahabad—211 002 on Monday, the 27th September, 2004 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.

25th

**DIRECTORS' REPORT
AND ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31ST MARCH, 2004**

SHREE BHAWANI
PAPER MILLS LIMITED

