

*Sree Sakthi Paper
Mills Limited*



Fourth Annual Report

1994 -95

SREE SAKTHI PAPER MILLS LIMITED

DIRECTORS

Mr. S. Sivathang Pillai (Chairman)
Mr. S. Rajkumar (Managing Director)
Mr. S. Giridhar
Mr. A.S. Unni
Mr. N. Ravindranathan
Mr. S. Subramaniam
Mrs. E. Kamalam
Mr. M.R. Karmachandran
(KSIDC Nominee)

BANKERS

State Bank of India

AUDITORS

M/s Balan & Co.
Ernakulam



REGISTERED OFFICE

39/2724 A,
Paliyam Road,
Ernakulam.

FACTORIES

KRAFT PAPER UNIT:

Development Area,
Edayar, Alwaye.

DUPLEX BOARD UNIT:

Kanjirapilly
Chalakkudy

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SREE SAKTHI PAPER MILLS LIMITED

NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the Fourth Annual General Meeting of the Share holders of the Company will be held at 3.30 P.M. on 30th of September 1995 at Hotel Abiad Plaza, M.G. Road, Ernakulam to transact the following Business:

You are requested to attend the Meeting.

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 1995 and the Profit and Loss Account for the Year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri. S. Sivathanu Pillai, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri. A. S. Unni, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
4. 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 re-appointment.
5. To appoint Auditors and fix their remuneration.
6. To declare dividend.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that the Board of Directors of the Company be and is hereby authorised to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of the employees subject to a maximum of Rs. 5,00,000/- (Rupees Five Lacs Only) per annum starting from the Financial Year ending on 31st March 1996."

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Sri. S. Subramaniam be appointed as a Director of the Company."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Smt. E. Kamalam be appointed as a Director of the Company."

Note: A Notice proposing Sri. S. Subramaniam and Smt. E. Kamalam as Directors of the Company has been received from a member of the Company along with two deposits of Rs.500/- each.

By order of the Board
For Sree Sakthi Paper Mills Ltd.

Kochi
02/09/95

Pradeep K. B.
Finance Manager.

SREE SAKTHI PAPER MILLS LIMITED

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 Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business under item Nos. 7, 8 & 9 are annexed.
3. The Register of Members and Shares Transfer of the Company will remain closed from September 18th 1995 to September 30th 1995 (both days inclusive).
4. Dividend, if declared, will be paid to those members whose names appear in the Register of Members on 30th September 1995 or to their mandatees.
5. No deduction of Tax at Source will be made from dividend payable to resident individuals / share holders if the dividend amount does not exceed Rs. 2,500/-. Share holders who are individuals and resident in India and who expect that their estimated total income for the year ending on or before 31st March 1996 will be less than the minimum liable to Income Tax but were the amount of dividend is more than Rs. 2,500/- are requested to file Form 15G (in duplicate) as prescribed under Rule 29 (C) of the Income Tax Rules, 1962, so as to reach

the Company on or before 16th September 1995 so that no deduction of Tax from such dividends is made at source.

EXPLANATORY STATEMENTS

ITEM NO. 7

In view of the good performance by the Company and as part of its obligation to the society and for the welfare of the public in general, it is proposed to make donations to deserving causes as a social obligation upto a limit of Rs. 5,00,000/- (Rupees Five Lacs Only) per annum starting from the Financial Year ending 31st March 1996.

No director is interested in the resolution.

ITEM NO. 8

Sri. S. Subramaniam was co-opted as additional director on 03/08/95 and he vacates office at the ensuing Annual General Meeting. Appointment of Sri. S. Subramaniam as director is considered beneficial to the Company. The necessary resolution for his appointment is placed before you for approval.

Sri. S. Sivatharu Pillai, Sri. S. Rajkumar and Sri. S. Gindhar being respectively the father and brothers of Sri. S. Subramaniam are interested in this resolution.

ITEM NO. 9

Smt. E. Kamalam was co-opted as additional director on 03/08/95 and she vacates office at the ensuing Annual General Meeting. Appoint-

SREE SAKTHI PAPER MILLS LIMITED

ment of Smt. E. Kamalam as director is considered beneficial to the Company. The necessary resolution for her appointment is placed before you for approval.

Sri. S. Sivathanu Pillai, Sri. S. Rajkumar and Sri. S. Giridhar being respectively the husband and sons of Smt. E. Kamalam are interested in this resolution.

By order of the Board
For Sree Sakthi Paper Mills Ltd

Kochi
02/09/95

Pradeep K.B
Finance Manager

DIRECTORS' REPORT

7 The Directors have pleasure in presenting to you the Annual Report together with the Audited Accounts for the year ending 31st March, 1995

FINANCIAL RESULTS

	94-95 (Rs. Lakhs)	93-94 (Rs. Lakhs)
Sales (Net)	1108.53	684.35
Operating profit	295.28	190.39
Interest and Finance charges	60.10	48.64
Depreciation	23.10	16.59
Profit before tax	212.08	127.16
Provision for tax	14.79	29.60
Profit after tax which is apportioned as follows:	197.29	98.36
Proposed Dividend	23.64	10.50
General Reserve	40.00	9.60
Balance carried forward to Profit and Loss account	133.65	78.06

DIVIDEND

An interim dividend of 30% was declared by the Board during the Financial Year 1994-1995 considering the good performance achieved by the Company. The Directors after reviewing the expansion plans and the need to conserve resources recommend that no further dividend be paid for the Financial Year 1994-95 and that the interim dividend of 30% be confirmed.

PRODUCTION

During fiscal 94-95, your Company achieved a production of 10,376 Tonnes as against 6,702 Tonnes produced during the previous year. The increase of 55% in production was on account of additional investment in Plant and Machinery to the tune of about Rs. 80 Lakhs and the performance of the employees of the Company.

OUTLOOK

During the current financial year demand for your Company's products is likely to improve and your Company is gearing itself up to increase production to match the demand.

Your Board is aware that a number of new units manufacturing Kraft Paper are being set up in and around Kerala. When these projects are commissioned, your Board expects that there would be a slight slump in the market for Kraft Paper. But since your Company has got very good tie ups with its dealers and since significant portion of the production is consumed by associated concerns manufacturing Cartons and Paper Cones, the slump in the market is not going to affect your company adversely.

SREE SAKTHI PAPER MILLS LIMITED

DUPLEX BOARD PROJECT

In the last years Directors' Report, you were informed that your company was embarking on a diversification project to manufacture Duplex Boards. The project is at an advanced stage of implementation and is expected to commence commercial production by the second half of September, 1995.

RAW MATERIAL SCARCITY

Last Financial Year witnessed a steady increase in the price of waste paper along with an emerging scarcity in availability. This was essentially because (a) Number of paper mills using waste paper as raw material are being set up in and around Kerala and (b) U.S.A. and countries in the middle east which were the main suppliers of waste paper have now started to recycle waste paper themselves, thus reducing the supply of waste paper. Due to these factors the supply of waste paper could get even more scarce and many small paper mills will be forced to stop production due to the non-availability of waste paper.

As your Board is fully seized with the situation arising out of the emerging shortage of waste paper, it is proposed to promote a separate Company to set up a pulping plant at Edayar to supply processed pulp to Edayar and Chalakydy projects.

DIRECTORS

Sri. S. Sivathanu Pillai, Sri. A.S. Unni and Sri. N. Ravindranathan retires on rotation as per the Articles of Association of the Company, they being eligible offer themselves for re-appointment. The Board has co-opted additional directors, Sri. S. Subramaniam and Smt. E. Kamalam on 3rd of August '95 and they will hold office till the ensuing A.G.M.

AUDITORS

M/s. Balan & Co., Chartered Accountants, the present Auditors of the Company retire and are eligible for re-appointment.

FOREIGN EXCHANGE EARNINGS AND OUT-GO.

The Company had no foreign exchange earnings during the year. The outgo was solely for purchase of raw materials amounting to Rs. 72.37 Lacs.

CONSERVATION OF ENERGY.

The Report on Energy Audit conducted by Confederation of Indian Industry has been received by the Company and steps are being taken to implement the suggestions made by them.

ANNEXURES

Particulars of employees as required under Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 and particulars as required under Section 217(1)(e) are annexed.

ACKNOWLEDGMENT

The Directors gratefully acknowledge the continued support and assistance given by the State Government, K.S.I.D.C., K.F.C., S.B.I., S.B.I.C.A.P., I.D.B.I., S.B.H. and K.S.E.B. The Directors also thank the employees of the Company, shareholders and customers for their cooperation and confidence reposed in the Company.

BY AND ON BEHALF OF
THE BOARD OF DIRECTORS

Kochi
02/09/95

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	45,57,292	33,75,807
Total amount	21,86,887	17,93,196
Rate/Unit	0.48	0.53
b. Own Generation	-	-
2. Coal	-	-
3. Furnace Oil	-	-
4. Others/internal generation	-	-
B. Consumption per unit of production		
Electricity (kwh)	439	503
Furnace Oil	-	-
Coal	-	-
Others	-	-

SREE SAKTHI PAPER MILLS LIMITED

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 Company has engaged consultants to study the production systems with a view to improve productivity. Based on the results of the studies conducted by them the Company has installed additional equipment and balanced the production line which has helped in achieving higher capacity utilisation. 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.

SREE SAKTHI PAPER MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT

Sl. No.	Name, Qualification and Designation	Age as on 31/03/95 (years)	Remuneration received	Nature of Duties	Experience (Years)	Date of Joining	Last Employment held		
							Name of Employer	Designation	Period of Service
1	S. Rajkumar, M.Com. Managing Director	37	Rs.7,15,000	Administration	16	03/10/91	Poysha Industrial Company		2 Years

Kochi
2-9-95

By Order of the Board

S. Sivatharu Pillai
Chairman

AUDITOR'S REPORT

We have audited the attached Balance Sheet of SREE SAKTHI PAPER MILLS LIMITED, COCHIN-16 as at 31st March, 1995 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4-A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

2. Further to our comments in the annexure referred to in paragraph (1) above, we state that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far

as appears from our examination of such books.

(c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

(d) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1995 and

ii) in so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date.

For BALAN & CO.,
CHARTERED ACCOUNTANTS

A.MOHANAN, BSc. FCA,
PARTNER

Kochi-16
02-09-1995

RE:- SREE SAKTHI PAPER MILLS LIMITED, COCHIN-16

Annexure referred to in Paragraph (1) of our report of even date.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management. No material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods and raw materials have been physically verified during the year by the management. In our opinion and considering the nature of the raw materials used the frequency of such verification is reasonable.
4. The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. No material discrepancies were noticed on physical verification of stock with book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles.
7. The company has not taken any loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from companies 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 to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to Companies under the same management.
9. The Company has not given any loans and advances in the nature of loans except to its employees which are being repaid regularly.
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 & machinery, equipments and other assets and with regard to the sale of goods.
11. The transactions of purchase of goods and materials and sale of goods made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices and practices for such goods and materials.

SREE SAKTHI PAPER MILLS LIMITED

12. The company has a system for identifying and providing for losses on account of unserviceable or damaged stores, raw materials or finished goods.
13. The Company has not accepted any deposits from the public u/s 58A of Companies Act, 1956.
14. The Company is maintaining reasonable records for the sale and disposal of scrap.
15. On the basis of test checks conducted by us and as per the explanation given to us, the company has a reasonable internal audit system commensurate with its size and nature of its business.
16. On a prima-facie examination we are of the opinion that the company is maintaining cost accounting records, though not in strict conformity with those prescribed by the Central Government u/s. 209(1) (d) of the Companies Act, 1956.
17. The Company is not covered by the Provident Fund Act and hence has no Provident Fund dues and the Company is regular in depositing Employees State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts in respect of Income tax, Wealth tax, Sales Tax, Customs duty and Excise Duty are payable as on the date of the Balance Sheet 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 employee 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 subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act 1985.

For BALAN & CO.,
CHARTERED ACCOUNTANTS

A. MOHANAN BSc. FCA,
PARTNER

Kochi-18
02-09-1995

SREE SAKTHI PAPER MILLS LIMITED

BALANCE SHEET AS AT 31st MARCH 1995

	Sch No.	31/03/95 Rs	31/03/94 Rs
I SOURCES OF FUNDS			
(1) Share Holders' Funds:			
(a) Capital	1	1,31,22,220	71,78,326
(b) Reserves & Surplus	2	2,76,35,752	1,02,86,326
		<u>4,07,57,972</u>	<u>1,74,64,652</u>
(2) Loan Funds:			
(a) Secured Loans	3	4,10,69,734	2,06,64,947
(b) Unsecured Loans			
TOTAL		<u>8,18,27,706</u>	<u>3,81,29,599</u>
II APPLICATION OF FUNDS			
(1) Fixed Assets:			
(a) Gross Block	4	5,55,37,631	3,41,07,507
(b) Less: Depreciation		<u>29,32,180</u>	<u>16,72,461</u>
(c) Net Block		5,15,05,451	3,24,35,046
(d) Capital Work-in-progress		<u>1,32,75,477</u>	<u>-</u>
		<u>6,48,30,928</u>	<u>3,24,35,046</u>
(2) Investments:	5	<u>1,00,000</u>	<u>1,00,000</u>
(3) Current Assets, Loans & Advances:			
(a) Inventories	6	82,73,269	29,11,023
(b) Cash & Bank balances	7	76,67,448	3,04,585
(c) Sundry Debtors	8	1,34,25,911	99,19,031
(d) Loans & Advances	9	53,42,304	35,30,906
		<u>3,47,08,932</u>	<u>1,66,65,525</u>
Less: Current Liabilities and Provisions:			
(a) Current Liabilities	10	1,40,48,318	71,83,508
(b) Provisions		<u>57,63,836</u>	<u>39,30,000</u>
Net Current Assets		<u>1,68,96,778</u>	<u>55,52,019</u>
(4) Miscellaneous expenditure:	11	-	42,534
TOTAL		<u>8,18,27,706</u>	<u>3,81,29,599</u>
Notes on Accounts	20		

By order of the Board:

S. Satharu Pillai

Chairman

A. S. Ummi

Director

S. Rajkumar

Managing Director

Comptroller

2-9-95

Pradeep K. B.
Finance Manager

Subject to our report of even date
For Balan & Co.
Chartered Accountants

A. Mahanani B.Sc., F.C.A.
Partner
Cochin-18
2-9-95

SREE SAKTHI PAPER MILLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 1995

	Sch. No.	31/03/95 Rs	31/03/94 Rs
1 INCOME			
Sales	12	11,70,37,689	7,28,66,913
Miscellaneous Income	13	4,14,137	66,822
Increase in Stock	14	1,95,866	87,796
Total		<u>11,76,47,692</u>	<u>7,30,01,331</u>
2 EXPENDITURE			
Manufacturing Expenses	15	7,20,20,491	4,36,60,324
Excise Duty		61,84,659	44,32,159
Payments to and provision for Employees	16	48,97,565	32,51,000
Administrative Expenses	17	47,53,470	25,46,489
Selling & Distribution Expenses	18	2,77,864	88,553
Interest & Finance Charges	19	60,10,975	46,63,717
Total		<u>9,41,45,024</u>	<u>5,86,40,222</u>
Less: Pre-operative Expenses		-	14,374
		<u>9,41,45,024</u>	<u>5,86,25,848</u>
Profit before Tax and Depreciation		2,35,02,668	1,43,75,483
Depreciation		23,09,719	16,59,157
Profit before Tax		2,11,92,949	1,27,16,326
Provision for Taxation		14,00,000	28,80,000
Profit after Tax		1,97,92,949	98,36,326
Less: Income Tax relating to prior year		79,667	-
		1,97,13,282	98,36,326
Add: Balance brought forward from previous year		78,06,326	-
Total		<u>2,75,19,588</u>	<u>98,36,326</u>
3 APPROPRIATIONS			
Proposed Dividend		23,63,836	10,50,000
Transfer to General Reserve		40,00,000	9,80,000
Balance carried to Balance Sheet		2,11,55,752	78,06,326
Notes on Accounts	20		

By order of the Board:

S. Sivabharu Pillai
Chairman
A. S. Unni
Director
S. Rajkumar
Managing Director
Dochel
2-9-95

Prabhu K. B.
Finance Manager

Subject to our report of even date
For Bala & Co.
Chartered Accountants

A. Mohan B. Sc., F. C. A.
Partner
Cochin 18
2-9-95

SREE SAKTHI PAPER MILLS LIMITED

Sch. No. Schedules annexed to and forming part of the Balance Sheet as at 31-03-95

	31/03/95 Rs	31/03/94 Rs
1 SHARE CAPITAL		
AUTHORISED		
30,00,000 Equity shares of Rs.10/-each (10,00,000 Equity Shares previous Year)	<u>3,00,00,000</u>	<u>1,00,00,000</u>
ISSUED SUBSCRIBED AND PAID UP		
8,50,000 Equity Shares of Rs.10/- each (7,00,000 Equity Shares previous Year)	85,00,000	70,00,000
Share Application Money Advance	46,22,220	1,78,326
	<u>1,31,22,220</u>	<u>71,78,326</u>

SREE SAKTHI PAPER MILLS LIMITED

	31/03/95 Rs	31/03/94 Rs
2 RESERVES & SURPLUS		
1. Capital Reserve		
Kerala State Govt. Investment Subsidy	15,00,000	15,00,000
2. General Reserve	9,80,000	9,80,000
3. Profit & Loss Account	<u>2,11,55,752</u>	<u>78,06,328</u>
	<u>2,76,35,752</u>	<u>1,02,86,328</u>

3 SECURED LOANS

1. Term Loan from Kerala State Industrial Development Corporation Ltd.	78,00,000	85,50,000
2. Term Loan from Kerala Financial Corporation	53,67,050	58,00,000
3. Term Loan from I.D.B.I. For Wind Mill Unit	50,00,000	-
4. Term Loan from I.D.B.I. For Duplex Board Unit	50,00,000	-
5. Seed Capital assistance from I.D.B.I		12,00,000
6. Cash Credit Loan from State Bank of India	<u>1,79,02,654</u>	<u>51,14,947</u>
	<u>4,10,69,734</u>	<u>2,06,64,947</u>

Out of the above, the Term Loans 1 & 2 are secured by first paripassu charge on the entire assets of the Company save and except assets pertaining to the Windmill unit, Land at Chalakyady and the stock of rawmaterials, finished goods & receivables. Term Loan from I.D.B.I. for the Windmill Unit is secured by a first charge on the entire assets of the Windmill unit. Term Loan from I.D.B.I. for the Duplex Board Unit is secured by a first paripassu charge on the entire assets of the Company. S.B.I. Cash credit is secured by a first charge on stock of rawmaterials, finished goods and receivables and further secured by a second charge over the entire assets of the company. All the loans are further personally guaranteed by three of the directors of the company.

SREE SAKTHI PAPER MILLS LIMITED

4 FIXED ASSETS

(Figures in Rupees)

PARTICULARS	COST BLOCK				DEPRECIATION			NET BLOCK	
	Bal. as on 31.03.84	Addition during the year	Disposals during year	Total on 31.03.85	Up to 31.03.84	For this year	Total	As on 31.03.84	As on 31.3.85
1 Land	5,82,019	35,92,121	-	41,74,140	-	-	-	5,82,019	41,74,140
2 Buildings	70,44,637	10,27,545	-	80,72,085	1,82,315	2,36,112	4,28,427	68,52,222	78,43,658
3 Furniture & Fixtures	3,14,961	1,42,694	-	4,57,655	92,089	73,611	1,65,700	2,22,872	2,91,955
4 Plant and Machinery	2,58,64,826	1,64,25,107	-	4,22,89,933	13,48,721	10,34,875	23,83,596	2,45,18,105	3,89,88,337
5 Office equipments	3,01,164	2,42,664	-	5,43,818	41,936	45,121	86,457	2,59,828	4,57,361
Total	3,41,07,507	2,14,30,124	-	5,55,37,631	18,72,461	23,09,719	39,62,180	3,24,35,046	5,15,55,461

Figure for the

Previous year

7,76,463

3,33,65,692

35,848

3,41,07,507

13,304

16,59,157

16,72,461

7,63,159

3,24,35,046

Capital work in Progress

Duplex Board Unit

Kraft Paper Unit

1,53,89,792

1,88,085

1,32,75,477

SREE SAKTHI PAPER MILLS LIMITED

	31/03/95 Rs	31/03/94 Rs
5 INVESTMENTS		
State Bank of India Bonds - Unquoted at Cost	1,00,000	1,00,000
	<u>1,00,000</u>	<u>1,00,000</u>

6 INVENTORIES

1. Raw Materials & Packing Materials	32,77,245	11,59,947
2. Work-in-Process	37,579	32,353
3. Finished Goods	2,20,083	35,443
4. Stores, Spares & Fuel Items	47,32,362	14,03,051
5. Stock of Rawmaterials In Transit	-	2,80,229
	<u>82,73,269</u>	<u>29,11,023</u>

7 CASH AND BANK BALANCES

1. With S.B.I., M.G.Road, EKM, Current Account	45,42,255	-
2. Cash on Hand	6,25,190	3,04,565
3. Fixed Deposit with S.B.I., M.G.Road, Ernakulam	25,00,000	-
	<u>76,67,445</u>	<u>3,04,565</u>

SREE SAKTHI PAPER MILLS LIMITED

	31/03/95 Rs	31/03/94 Rs
8 SUNDRY DEBTORS (UNSECURED)		
OVER SIX MONTHS		
Considered Good	15,864	24,500
Considered Doubtful	-	-
OTHER DEBTS		
Considered Good	<u>1,34,09,247</u>	<u>98,04,531</u>
	<u>1,34,25,911</u>	<u>99,19,031</u>

Out of the above Rs.33,24,238.67 was due by directors / firms or private companies in which directors are partners or directors. The maximum amount due by the above parties at any time during the year was Rs.95,60,269.17 (previous year Rs.81,57,546.49)

9 LOANS AND ADVANCES
(UNSECURED, CONSIDERED GOOD)

1. Pre Paid Expenses	2,04,389	43,257
2. Deposits	6,08,470	5,27,830
3. Other Advances	<u>35,29,445</u>	<u>29,59,819</u>
	<u>39,42,304</u>	<u>35,30,906</u>

SREE SAKTHI PAPER MILLS LIMITED

31/03/95

31/03/94

Rs

Rs

10 CURRENT LIABILITIES & PROVISIONS

a) CURRENT LIABILITIES

1. Sundry Creditors for		
(a) Capital purchases	46,62,165	16,77,989
(b) Supplies	48,32,557	37,18,056
(c) Expenses	73,302	28,223
(d) Stores & Spares	24,50,454	-
(e) Duplex board unit	17,351	-
2. Interest accrued but not due on Term Loans	6,82,527	7,28,051
3. Other Liabilities	14,20,792	10,31,187
	<u>1,40,48,316</u>	<u>71,83,506</u>

b) PROVISIONS

Provision for Income Tax	14,00,000	28,80,000
Provision for Dividend	23,63,836	10,50,000
	<u>37,63,836</u>	<u>39,30,000</u>

11 MISCELLANEOUS EXPENDITURE

Preliminary Expenditure to the extend not written off or adjusted	42,534	47,260
Less: Written off during the year	42,534	4,726
	<u>-</u>	<u>-</u>
TOTAL	<u>-</u>	<u>42,534</u>

SREE SAKTHI PAPER MILLS LIMITED

**Schedules annexed to & forming part of Profit & Loss Account
for the year ended 31-3-95**

	31/03/95 Rs	31/03/94 Rs
12 SALES		
SALES	12,28,18,988	7,38,14,796
Less: Discount	<u>57,81,299</u>	<u>9,47,683</u>
	<u>11,70,37,689</u>	<u>7,28,66,913</u>

13 MISCELLANEOUS INCOME

Weigh bridge receipts	1,70,788	30,450
M.O.P.Claim Received	25,328	-
Interest Received (T.D.S. Rs.2,996; Prev. Year Nil)	1,13,758	-
Overdue Interest received	94,577	-
Miscellaneous income	9,688	-
Pre operative Expenses excess Capitalised written back	-	36,172
	<u>4,14,137</u>	<u>66,622</u>

SREE SAKTHI PAPER MILLS LIMITED

	31/03/96	31/03/94
	Rs	Rs
14 INCREASE IN STOCK		
Closing Stock		
Finished Goods	2,26,083	35,443
Work in Process	37,579	32,353
Less : Opening Stock		
Work in process	32,353	-
Finished goods	16,443	-
	<u>1,95,866</u>	<u>67,796</u>

15 MANUFACTURING EXPENSES

Raw Materials consumed	4,96,42,976	3,04,73,941
Packing Materials consumed	7,20,133	5,20,807
Fuel consumed	43,36,033	32,37,562
Stores and spares consumed	20,47,069	22,47,933
Freight Inwards	68,81,399	30,07,416
Repairs and Maintenance - Plant & Machinery	10,00,495	3,54,977
Repairs and Maintenance - Building	5,49,427	1,49,610
Consumables	33,10,138	14,93,345
Insurance Exps. - Works	3,51,615	1,30,524
Electricity Charges	23,11,691	18,00,863
Factory Expenses	99,454	-
Cooling charges	5,70,061	2,43,346
	<u>7,20,20,491</u>	<u>4,36,60,324</u>

SREE SAKTHI PAPER MILLS LIMITED

31/03/95

31/03/94

Rs

Rs

16 PAYMENTS TO AND PROVISION FOR EMPLOYEES

Salaries, Wages & Allowances	39,43,034	25,72,243
Stipend	41,807	18,485
Bonus	2,72,511	1,56,400
Staff Welfare Expenses	4,79,562	3,81,077
Medical Expenses to staff	39,070	44,123
Employer's contribution to E.S.I.	1,21,781	78,672
	<u>48,97,565</u>	<u>32,51,000</u>

17 ADMINISTRATIVE EXPENSES

Printing and Stationery	1,88,269	1,27,715
Travelling expense - Directors	3,23,308	60,556
Travelling expenses - Others	4,58,299	3,75,639
Remuneration to Managing Director	7,15,000	90,000
Vehicle Maintenance	1,87,193	1,47,829
Rent	2,14,699	1,48,878
Professional charges	15,400	63,523
Profession Tax	1,003	-
Pooja Expenses	33,359	19,516
Service charges	81,893	66,139

SREE SAKTHI PAPER MILLS LIMITED

	31/03/95 Rs	31/03/94 Rs
Miscellaneous Expenses	3,08,393	1,26,974
Telephone, Postage and Telegram	10,56,806	5,35,870
Computer consumables	10,820	5,573
Computer software	42,000	-
Hire charges	76,025	94,490
Repairs and Maintenance	1,35,012	56,368
Books and Periodicals	4,517	3,196
Recruitment Expenses	9,680	21,361
Consultancy Charges	1,31,310	2,73,227
Insurance Premium	95,158	14,494
Auditors Remuneration		
for Audit	50,000	25,000
for Tax Audit	10,000	10,000
for Others	3,500	-
Out of Pocket Expenses	2,179	-
Rates and Taxes	85,503	62,666
Donation	62,962	47,752
Filing Fee	61,660	1,100
Sitting Fee	46,800	17,700
Subscription and Membership	7,000	10,299
Security service charges	58,272	28,275
Entertainment Expenses	1,20,360	15,458
Advertisement Charges	1,12,376	72,125
Preliminary Expenses written off	42,534	4,726
	<u>47,53,470</u>	<u>25,46,469</u>

SREE SAKTHI PAPER MILLS LIMITED

31/03/95

31/03/94

Rs

Rs

18 SELLING AND DISTRIBUTION EXPENSES

Freight Outwards		4,980
Sales promotion expenses	<u>2,77,964</u>	<u>81,573</u>
	<u>2,77,964</u>	<u>86,553</u>

19 INTEREST AND FINANCE CHARGES

Interest on Term Loans	32,02,852	36,45,461
Interest - others	23,01,737	9,65,006
Finance Charges	<u>5,06,380</u>	<u>53,250</u>
	<u>60,10,975</u>	<u>46,63,717</u>

SCH NO. 20 NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accounts of the Company are prepared under the historical cost convention on accrual basis as a going concern.

2. Revenue Recognition:

Items of income and expenditure are recognised on accrual basis except for the following which are being accounted on cash basis, since it is not possible to ascertain with reasonable accuracy the quantum to be provided in respect of:

- a. Interest and delayed payment charges on overdue bills pending as on the date of Balance Sheet.
- b. Insurance and other claims.
- c. The additional liability, if any, arising at the time of assessment of tax / duty.

3. Fixed Assets & Depreciation:

- a. Depreciation on fixed assets is provided on pro-rata basis on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on additions is calculated on a monthly pro-rata basis. Cost of Fixed Assets has been taken net of MODVAT in cases where credit for MODVAT has been taken.
- b. Machinery includes Machines costing Rs. 51.85 Lacs purchased under Hire Purchase Agreement with M/s Mercantile Credit Corporation, Ernakulam.

4. Investments:

Investments are stated at cost.

5. Inventory:

Inventory of raw materials and consumables are valued at cost. Finished Goods are valued at cost or market price whichever is lower. Cost for the purposes of valuation of fin-

SREE SAKTHI PAPER MILLS LIMITED

ished goods includes cost of direct material, direct labour and other direct Overheads but excludes Excise Duty & Cess. Stock-in-process is valued at raw material cost.

6. Foreign Currency Transactions:

Expenditure in foreign currency is converted into Indian rupees at the rate of exchange prevailing on the date of the remittance.

7. Others:

- a) Contingent Liabilities are not provided and are disclosed in notes to the accounts.
- b) Preliminary Expenses have been written off fully during the year as against 10% during the previous year. To this extent there is a change in policy in this respect.

B. NOTES ON ACCOUNTS

1. Managerial Remuneration:

Remuneration paid to Managing Director includes

	Rs.
Salary	3,60,000
House Rent Allowance	1,80,000
Commission	1,75,000
Total	<u>7,15,000</u>

2. Value of imports on C.I.F. basis during the year amounted to Rs. 72.37 Lacs

3. Raw Materials consumed

	Quantity Tonnes	Value Rs. Lacs
Imported Waste Paper	1054.520	60.58
Indigenous Waste Paper	10633.940	374.45
Chemicals	437.129	47.84

SREE SAKTHI PAPER MILLS LIMITED

4. Finished Goods

Particulars:	Quantity Tonnes	Gross Value Rs. Lacs
NV BF	325.834	35.91
12 BF	18.260	1.82
14 BF	6921.526	775.67
16 BF	1120.883	138.90
18 BF	1944.910	269.83
21 BF	18.896	2.70
	<u>10350.411</u>	<u>1224.83</u>
Stock of Finished Goods	30.459	
Sale of Electricity	1,67,251 Units	Rs. 3.34 Lacs

5. Work-in-Progress

	Quantity Tonnes	Value Rs. Lacs
Opening	6.00	0.32
Closing	6.00	0.37

6. Percentage of consumption of Raw Materials

	Rs. Lacs	Percentage to total
Imported	80.59	0.09
Indigenous	422.29	99.91

7. Sales are inclusive of Excise Duty & Cess.

8. Balances of Sundry Debtors, Sundry Creditors, Advances and Loans are subject to confirmation.

9. Previous year figures have been rearranged / regrouped wherever necessary.

10. The Company does not have any liability towards Gratuity at present.

11. Assets, Loans and advances are in realisable state in the ordinary course of business.

SREE SAKTHI PAPER MILLS LIMITED

12. Contingent Liabilities not provided for

Unexpired Contracts for Capital Expenditure Rs. 770 Lacs pertaining to the Duplex Board Unit.

13. Capacity

	M.T.
Licensed Capacity (Registered with S.I.A)	4500.00
Installed Capacity	5400.00
Actual Production	10376.02

14. Consultancy Charges include Rs. 35,000/- to a director:

Signatories to Schedules 1 to 20:

By Order of the Board:

S.Sivatharu Pillai
Chairman

A.S.Unni
Director

S.Rajkumar
Managing Director

Cochin
2-9-95

Pradeep K.E.
Finance Manager

Subject to our report of even date
For Balan & Co.
Chartered Accountants

A.Mohanar B.Sc., F.C.A.
Partner

Cochin-18
2-9-95