

*Sree Sakthi Paper  
Mills Limited*

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***Fifth Annual Report***  
***1995-96***

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## SREE SAKTHI PAPER MILLS LIMITED

### DIRECTORS

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

### BANKERS

State Bank of India

### AUDITORS

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



### REGISTERED OFFICE

39/2724 A,  
Pallam Road,  
Ernakulam, Cochin - 18.

### FACTORIES

KRAFT PAPER UNIT:  
Development Area,  
Edayar, Alwaye.

DUPLEX BOARD UNIT:  
Kanjirapilly  
Chalakkudy

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## SREE SAKTHI PAPER MILLS LIMITED

### NOTICE TO SHAREHOLDERS

**N**otice is hereby given that the Fifth Annual General Meeting of the shareholders of the Company will be held at 4.30 p.m. on Thursday the 19th December, 1996 at Hotel Abad Plaza, M.G. Road, Ernakulam, Cochin-11 to transact the following business:

#### AGENDA

##### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1996 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Sri. S. 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.
4. 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.
5. To appoint a Director in place of Sri N. Ravindranathan, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

By order of the Board  
for Sree Sakthi Paper Mills Limited

Cochin - 16  
22-11-96

R. Ponnambalam  
Company Secretary

## 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 the Registered office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 6th December, 1996 to 18th December 1996 (both days inclusive).
3. Dividend, if declared, will be paid to those members whose names appear in the Register of Members on 19th December, 1996 or to their mandatees.
4. No deduction of Tax at source will be made from dividend payable to resident individuals/ Shareholders if the dividend amount does not exceed Rs. 2500/- Shareholders who are individuals and resident in India and who expect that their estimated total income for the year ending on or before 31-3-1997 will be less than the minimum liable to Income Tax may file the tax exemption certificate or declaration in Form 15-G in duplicate with the Company on or before 6th December, 1996 to receive the dividend payment without deduction of tax at source.
5. Members are requested to notify immediately any change of address, if any.

## SREE SAKTHI PAPER MILLS LIMITED

### DIRECTORS' REPORT TO THE SHAREHOLDERS

**Y**our Directors have pleasure in presenting the Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1996.

#### FINANCIAL RESULTS

	1995-96 (Rs. Lacs)	1994-95 (Rs. Lacs)
Sales (net)	1662.99	1108.53
Operating Profit	311.42	295.13
Interest and Finance Charges	148.20	60.10
Depreciation	51.12	23.10
Profit before tax	112.11	211.83
Provision for tax	Nil	14.79
Profit after tax which is appropriated as follows:		
Proposed Dividend	24.09	23.64
General Reserve	40.20	40.00
Balance Carried to Balance Sheet	47.81	133.65

#### OPERATIONS

##### EDAYAR FACTORY

During the year under review, the Company achieved an increased production of Kraft paper in this unit, despite the operations were affected by substantial power cut imposed by Kerala State Electricity Board and load

shedding during peak hours throughout the year. The increased production has been made possible with an installation of a new additional 600 KVA DG set in February, 1996 but at an increased power cost.

##### CHALAKKUDY FACTORY

As referred in last year's report, the implementation of the project for manufacturing Duplex boards was completed ahead of schedule and commercial production operations commenced from 29.9.95. Production and quality have been stabilised. Steps have been taken for establishing quality system based on ISO 9000 series of standards in this unit. The Duplex boards produced have been well received by dealers/customers and already established a good market.

The original capital outlay envisaged for Duplex board project at Rs. 809 lacs has been revised and completed at Rs. 870.47 lacs due to following factors:

- 1) Addition of one 1100 KVA DG set
- 2) Change in the design and specification of Effluent Treatment Plant
- 3) Escalation in cost of civil works construction

##### PROSPECTS FOR 1996-97

The production and sales of Company's products so far in the current financial year is reasonably good. At present the Paper Industry is passing through recession as trade depression has set in owing to lack of exports. The market is sluggish. This would no doubt bring the net margin of your Company under pressure. However, owing to better production prospects with the easing of power-cut situation and stabilisation of production of Duplex boards, barring unforeseen circumstances, we expect to achieve satisfactory results

## SREE SAKTHI PAPER MILLS LIMITED

complemented by control of production costs and effective marketing.

### DEVELOPMENT PLANS

In last year's report you were informed that your Directors had taken a decision to set up a pulping plant at Edayar to supply processed pulp to Edayar and Chalakkudy factories. However, in view of bleak prospects of getting adequate power supply at economic rates, the scheme has been dropped.

### INDUSTRIAL RELATIONS

The Company continues to maintain cordial industrial relations at all locations.

### DIVIDEND

Taking into account that the initial loss of the newly commissioned Chalakkudy factory had to be set off against the profits of Edayar factory and the need for increased working capital requirements, your Directors recommend a Dividend of 15 per cent on the expanded capital on prorata basis subject to deduction of tax at source for the year ended 31st March, 1996 subject to necessary approvals.

### BOARD OF DIRECTORS

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

### AUDITORS

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

### FOREIGN EXCHANGE EARNINGS AND OUT-GO

The Company had no exports and no foreign exchange earnings during the year. The outgo was solely for purchase of raw materials amounting Rs. 84 lacs.

### PARTICULARS UNDER SECTION 217

Statement of particulars under section 217(1) (e) and particulars of employees under section 217(2A) of the Companies Act, 1956 are annexed.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and thanks to the various departments of State and Central Governments for the support extended by them during the year under review and also look forward to their co-operation and support to the Company in future.

Your Directors gratefully acknowledge the continued support given by K.S.I.D.C LTD, K.F.C., S.B.I. AND S.B.I. CAP, I.D.B.I, S.B.H and Kerala State Electricity Board.

Your Directors also acknowledge the continued support given by the valued and esteemed customers and dealers/Agents.

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

Lastly your directors wish to place on record their appreciation and thanks to shareholders for the confidence reposed by them in the Company.

By and on behalf of the  
Board of Directors

Cochin - 16  
26-10-96

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	58,41,428	45,57,292
Total amount	45,30,810	21,86,887
Rate/Unit	0.78	0.48
b. Own Generation		
(i) Through Diesel Generator		
Unit	12,25,305	-
Unit per litr. of diesel oil	4.43	-
Cost /Unit	1.76	-
(ii) Through steam turbine/generator	-	-
2. Coal	-	-
3. Furnace oil	-	-
4. Others/internal generation	-	-
B. Consumption per unit of production		
Electricity (kwh)	515	439
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	Age as on 31-3-96 (Years)	Remuneration Received Rs.	Nature of duties	Experience (years)	Date of joining	Last Employment held		
							Name of Employer	Designation	Period of service
1.	S. Rajkumar Managing Director	38	5,40,000	Managing Director	17	3/10/91	Poyshis Industrial Company	2 years	
2.	S. Gindhar	31	3,06,500	Executive Director	8	20/4/95	Business	-	

**SREE SAKTHI PAPER MILLS LIMITED**

**BALAN & CO.**

Chartered Accountants

St. Vincent Cross Road  
Emakulam, Cochin - 18  
Phone: 392529/393649

**AUDITOR'S REPORT**

We have audited the attached Balance Sheet of M/s SREE SAKTHI PAPER MILLS LIMITED, COCHIN - 18 as at 31st March, 1996 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, 1996 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

Cochin - 18  
26-10-96

**A. MOHANAN, B.Sc. FCA.**  
Partner

## SREE SAKTHI PAPER MILLS LIMITED

### 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 (G) of Subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **BALAN & CO.**,  
Chartered Accountants

Cochin - 18  
26-10-96

**A. MOHANAN B.Sc. FCA**  
Partner

**SREE SAKTHI PAPER MILLS LIMITED**

**BALANCE SHEET AS AT 31ST MARCH 1996**

	Sch No.	31/03/96 Rupees	31/03/95 Rupees
<b>I SOURCE OF FUNDS</b>			
(1) Share Holders' Funds:			
a) Capital	1	1,65,00,000	1,31,22,220
b) Reserves & Surplus	2	3,71,76,831	2,76,35,752
		<u>5,36,76,831</u>	<u>4,07,57,972</u>
(2) Loan Funds:			
a) Secured Loans	3	13,11,25,663	4,10,69,734
b) Unsecured Loans	4	Nil	Nil
		<u>13,11,25,663</u>	<u>4,10,69,734</u>
Total		<u>18,48,02,494</u>	<u>8,18,27,706</u>
<b>II APPLICATION OF FUNDS</b>			
(1) Fixed Assets:	5		
a) Gross Block		14,91,08,182	5,55,37,631
b) Less: Depreciation		90,94,962	39,82,180
c) Net Block		<u>14,00,13,220</u>	<u>5,15,55,451</u>
d) Capital Work-in-progress		13,93,231	1,32,75,477
		<u>14,14,07,031</u>	<u>6,48,30,928</u>
(2) Investments:	6	2,88,000	1,00,000
(3) Current Assets, Loans & Advances:			
a) Inventories	7	2,63,42,383	82,73,289
b) Cash & Bank balances	8	25,35,936	76,67,448
c) Sundry Debtors	9	3,82,79,943	1,34,25,911
d) Loans & Advances	10	1,13,82,763	53,42,304
		<u>7,85,20,965</u>	<u>3,47,08,932</u>
Less: Current Liabilities and Provisions:	11		
a) Current Liabilities		3,39,23,496	1,40,48,318
b) Provisions		24,71,009	37,63,836
Net Current Assets		<u>4,31,26,453</u>	<u>1,68,95,776</u>
(4) Miscellaneous expenditure		Nil	Nil
Total		<u>18,48,02,494</u>	<u>8,18,27,706</u>
Notes on Accounts	20		

By order of the Board

S. Sridharu Pillai  
Chairman

A.S. Unni  
Director

S. Rajkumar  
Managing Director

Cochin - 16, Dt. 26/10/96

R. Paramasivan  
Company Secretary

Pradeep K.B.  
D.O.M., Finance & Accounts

Subject to our report of even date

For Bilal & Co.,  
Chartered Accountants

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

Cochin - 16  
26 - 10 - 96

**SREE SAKTHI PAPER MILLS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1996**

	Sch No.	31/03/96 Rupees	31/03/95 Rupees
<b>INCOME</b>			
Sales	12	17,51,49,030	11,70,37,689
Miscellaneous Income	13	4,91,783	4,14,137
Increase in Stock	14	71,37,836	1,95,866
Total		<u>18,27,78,649</u>	<u>11,76,47,692</u>
<b>EXPENDITURE</b>			
Manufacturing Expenses	15	12,60,71,624	7,20,20,491
Excise Duty		88,49,817	61,84,659
Payments to & provision for Employees	16	81,92,520	48,97,565
Administrative Expenses	17	80,95,297	47,53,470
Selling & Distribution Expenses	18	4,26,168	2,77,864
Interest & Finance Charges	19	1,48,19,485	60,10,975
Total		<u>16,64,56,121</u>	<u>9,41,45,024</u>
Profit before Tax and Depreciation		1,63,22,528	2,35,02,668
Depreciation		51,12,302	23,09,719
Profit before Tax		1,12,10,326	2,11,92,949
Provision for Taxation		Nil	14,00,000
Profit after Tax		1,12,10,326	1,97,92,949
Less: Income Tax relating to prior year		Nil	79,687
		1,12,10,326	1,97,13,262
Add: Balance brought forward from previous year		2,11,55,752	78,08,326
		<u>3,23,66,078</u>	<u>2,75,19,588</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		24,09,247	23,83,836
Transfer to General Reserve		40,20,000	40,00,000
Balance carried forward to Balance Sheet		<u>2,59,36,831</u>	<u>2,11,55,752</u>

Notes on Accounts

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By order of the Board

S. Sivasubramanian  
Chairman

A. S. Uday  
Director

S. Prakasam  
Managing Director

Circular - 16, Dt. 26/10/96

R. Ponnambalam  
Company Secretary

Prudhvi K.B.  
C.M.A., Finance & Accounts

Subject to our report of even date

For Saam & Co.,  
Chartered Accountants

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

Cochin - 13  
26 - 10 - 96

**SREE SAKTHI PAPER MILLS LIMITED**

Sch.

No. Schedules annexed to and forming part of the Balance Sheet as at 31-03-96

	31/03/96 Rupees	31/03/95 Rupees
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
30,00,000 Equity shares of Rs. 10/- each.	<u>3,00,00,000</u>	<u>3,00,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
16,50,000 Equity Shares of Rs. 10/- each (8,50,000 Equity Shares previous Year)	<u>1,65,00,000</u>	85,00,000
Share Application Money	Nil	<u>46,22,220</u>
	<u>1,65,00,000</u>	<u>1,31,22,220</u>
<b>2. RESERVES &amp; SURPLUS</b>		
1. Kerala State Govt. Investment Subsidy	15,00,000	15,00,000
2. Tamil Nadu State Govt. Subsidy	7,40,000	Nil
3. General Reserve	90,00,000	49,80,000
4. Profit & Loss Account	<u>2,59,96,831</u>	<u>2,11,55,752</u>
	<u>3,71,76,831</u>	<u>2,76,35,752</u>



**SREE SAKTHI PAPER MILLS LIMITED**

	31/03/98 Rupees	31/03/95 Rupees
<b>3. SECURED LOANS</b>		
<b>(i) Term Loans</b>		
a. Kerala State Industrial Development Corp. Ltd.	90,50,000	78,00,000
b. Kerala Financial Corporation	48,06,583	53,67,050
c. Industrial Development Bank of India	5,00,00,000	50,00,000
d. State Bank of Hyderabad	75,00,327	Nil
<b>(ii) Equipment Finance Loan from I.D.B.I</b>		
a. For Wind Mill	36,35,000	50,00,000
b. For Coating Plant etc.	1,00,00,000	Nil
<b>(iii) Cash Credit Loan from State Bank of India</b>	4,73,33,753	1,79,02,684
	<u>13,11,25,663</u>	<u>4,10,69,734</u>

- Term Loans as per (i) above, are secured on pari passu basis by an Equitable Mortgage by deposit of title deeds of the Company's property and hypothecation of all the movable assets of the company, both present and future save and except assets covered under 2 and 3 below.
- Equipment Finance Term Loan (ii) (a) above is secured by exclusive charge over Wind Mill and (ii) (b) by exclusive charge over assets acquired under the assistance.
- Cash Credit Loan from State Bank of India is secured by a first charge on the entire stock of raw materials, work-in-process, finished goods and receivables and further secured by an Equitable Mortgage by deposit of title deeds of the Company's property as covered under item 1 above ranking subsequent and subservient to the charges created in favour of Lenders as per 1 above.
- Loans under (i) a and b and under (iii) are further personally guaranteed by three directors of the Company and loans under (i) c and d and under (ii) a and b personally guaranteed by Managing Director.

**4. UNSECURED LOANS**

Nil

Nil

**SREE SAXTHI PAPER MILLS LIMITED**

**5. FIXED ASSETS**

(Figures in Rupees)

Sl. No.	PARTICULARS	COST BLOCK			DEPRECIATION BLOCK			NET BLOCK		
		Bal. as on 31-03-95	Added during the year	Sales/Adj. during year	Total on 31-03-96	Upto 31-03-95	For the year	Total	As on 31-03-95	As on 31-03-96
1.	Land	41,74,140	1,14,400	0	42,88,540	0	0	0	41,74,140	42,88,540
2.	Buildings	60,72,085	1,72,22,419	0	2,52,94,504	4,28,427	6,54,235	10,52,662	76,43,658	2,42,41,842
3.	Furniture & Fixtures	4,57,655	2,03,801	0	7,51,456	1,65,700	62,544	2,28,244	2,91,955	5,23,542
4.	Plant & Machinery	4,22,89,933	7,57,64,047	0	11,80,53,980	33,01,596	43,43,132	76,81,729	3,89,86,337	11,03,72,251
5.	Office Equipments	5,43,818	1,75,754	0	7,19,572	86,457	47,280	1,33,737	4,57,361	5,85,825
	<b>Total</b>	<b>5,55,37,631</b>	<b>9,35,70,561</b>	<b>0</b>	<b>14,91,08,192</b>	<b>39,82,180</b>	<b>67,12,262</b>	<b>90,94,352</b>	<b>5,15,56,451</b>	<b>14,00,13,830</b>

Figures for the Previous year

3,41,07,507	2,14,30,124	0	5,55,37,631	16,72,463	22,09,719	39,82,180	3,24,39,046	5,15,56,451
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Capital work in progress

Duplex Board Unit

Kraft Paper Unit

3,00,117	19,10,100	13,93,231
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## SREE SAKTHI PAPER MILLS LIMITED

	31/03/96 Rupees	31/03/95 Rupees
<b>5. INVESTMENTS - AT COST</b>		
Unquoted		
State Bank of India Bonds	1,00,000	1,00,000
Quoted		
Equity shares in I.D.B.I (Market value as on 31-3-96 Rs. 1,41,700/-)	1,69,000	Nil
	<u>2,69,000</u>	<u>1,00,000</u>
<b>7. INVENTORIES</b>		
1. Raw Materials & Packing Materials	1,14,73,284	32,77,245
2. Work-in-Process	16,83,044	37,579
3. Finished Goods	57,16,454	2,26,083
4. Stores, Spares & Fuel	74,67,541	47,32,362
	<u>2,63,42,323</u>	<u>82,73,269</u>
<b>8. CASH AND BANK BALANCES</b>		
1. In Current Account with Scheduled Banks	3,22,511	45,42,258
2. Cash on Hand	21,84,450	6,25,190
3. Fixed Deposit with S.B.I	28,975	25,00,000
	<u>25,35,936</u>	<u>76,67,448</u>

## SREE SAKTHI PAPER MILLS LIMITED

	31/03/96 Rupees	31/03/95 Rupees
<b>9. SUNDRY DEBTORS</b>		
OVER SIX MONTHS		
Unsecured Considered Good	1,01,800	16,664
OTHER DEBTS		
Unsecured Considered Good	3,91,78,143	1,34,09,247
	<u>3,92,79,943</u>	<u>1,34,25,911</u>

Out of the above Rs. 4,47,329.47 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. 38,83,581.71 (previous year Rs. 33,24,238.67)

## 10. LOANS AND ADVANCES

1. Prepaid Expenses	2,03,993	2,04,389
2. Deposits	14,78,950	6,08,470
3. Other Advances	96,81,820	45,29,445
	<u>1,13,62,763</u>	<u>53,42,304</u>

**SREE SAKTHI PAPER MILLS LIMITED**

**11. CURRENT LIABILITIES & PROVISIONS**

	31/3/96 Rupees	31/3/95 Rupees
a) CURRENT LIABILITIES		
1. Sundry Creditors for		
a) Supplies	1,43,65,037	48,32,557
b) Expenses	29,99,455	90,853
c) For stores & Spares	25,59,573	24,59,454
d) For Capital Purchases	75,62,839	45,62,165
2. Interest accrued but not due on loans	32,45,940	6,82,527 *
3. Other Liabilities	32,91,552	14,20,762
	<u>3,39,23,456</u>	<u>1,40,48,318</u>
b) PROVISIONS		
Provision for Income Tax	61,759	14,00,000
Provision for Dividend	24,08,247	23,63,836
	<u>24,71,006</u>	<u>37,63,836</u>

**SREE SAKTHI PAPER MILLS LIMITED**

**Schedules annexed to & forming part of Profit & Loss Account for year ended 31-03-96**

	31/03/96 Rupees	31/03/95 Rupees
<b>12. SALES</b>		
Sales	18,21,79,714	12,28,18,988
Less: Discount	70,30,884	57,81,299
	<u>17,51,49,030</u>	<u>11,70,37,689</u>

**13. MISCELLANEOUS INCOME**

Interest Received (TDS Rs. 3461; Prev. yr. Rs. 2998)	41,024	1,13,758
Overdue Interest received	1,08,230	94,577
Interest on Income Tax refund	1,83,117	Nil
Miscellaneous Income	1,60,812	2,05,802
	<u>4,91,783</u>	<u>4,14,137</u>

**14. INCREASE IN STOCK**

Closing Stock		
Finished Goods	57,18,455	2,26,083
Work in Progress	16,53,043	37,579
Less: Opening Stock		
Finished goods	2,26,083	35,443
Work in progress	37,579	32,363
	<u>71,37,836</u>	<u>1,95,866</u>

**SREE SAKTHI PAPER MILLS LIMITED**

	31/03/95 Rupees	31/03/95 Rupees
<b>15. MANUFACTURING EXPENSES</b>		
Raw Materials consumed	6,55,77,605	4,98,42,976
Packing Materials consumed	13,49,987	7,20,133
Power & Fuel consumed	1,57,34,762	66,47,724
Stores and spares consumed	80,78,613	20,47,069
Freight Inwards	1,10,74,366	68,81,399
Repairs and Maintenance - Plant & Machinery	4,86,574	10,00,495
Repairs and Maintenance - Building	3,97,991	5,49,427
Consumables	11,34,391	33,10,138
Insurance Expenses - Works	6,44,970	3,51,615
Factory Expenses	1,20,859	99,454
Coolie charges	14,71,905	5,70,061
	<u>12,60,71,824</u>	<u>7,20,20,491</u>

**16. PAYMENTS TO AND PROVISION FOR EMPLOYEES**

Salaries, Wages & Allowances	67,06,933	39,43,034
Stipend	30,245	41,807
Bonus	4,22,764	2,72,311
Staff Welfare Expenses	5,94,823	4,79,562
Medical Expenses to staff	1,98,080	39,070
Employer's contribution to E.S.I	1,49,045	1,21,781
	<u>81,92,520</u>	<u>48,97,565</u>

**SREE SAKTHI PAPER MILLS LIMITED**

	31/03/96 Rupees	31/03/95 Rupees
<b>17. ADMINISTRATIVE EXPENSES</b>		
Office & General expenses	2,33,892	3,08,393
Traveling expenses - Directors	4,34,253	3,23,308
Traveling expenses - Others	13,90,476	4,58,299
Remuneration to Whole Time Directors	8,46,900	7,15,000
Vehicle Maintenance	2,94,382	1,87,193
Rent	3,47,967	2,14,699
Professional Service Charges	5,30,681	3,28,875
Pooja Expenses	78,818	33,359
Printing and Stationery	3,94,360	1,99,088
Telephone, Postage and Telegram	17,15,709	10,58,806
Hire charges	4,16,955	76,025
Repairs and Maintenance - others	3,21,391	1,35,012
Books and Periodicals	18,429	4,517
Recruitment Expenses	30,856	9,680
Insurance Premium	37,861	95,158
Auditors Remuneration		
for Audit	75,000	50,000
for Tax Audit	10,000	10,000
for Others	Nil	3,500
for Out of Pocket expenses	6,103	2,179
Rates and Taxes	1,20,784	1,48,446
Donation	2,05,968	62,862
Siting Fee	84,000	48,800
Subscription and Membership	8,925	7,000
Inauguration Expenses	71,073	Nil
Entertainment Expenses	1,44,625	1,20,360
Advertisement Charges	2,76,891	1,12,376
Preliminary Expenses written off	Nil	42,534
	<u>80,96,297</u>	<u>47,53,470</u>



**SREE SAKTHI PAPER MILLS LIMITED**

	31/03/96	31/03/95
	Rupees	Rupees
<b>18. SELLING AND DISTRIBUTION EXPENSES</b>		
Freight Outwards	1,52,487	Nil
Sales promotion expenses	2,73,671	2,77,864
	<u>4,26,158</u>	<u>2,77,864</u>
<b>19. INTEREST AND FINANCE CHARGES</b>		
Interest - Term Loans	64,98,987	32,02,852
Interest - Others	47,44,335	23,01,737
Finance Charges	6,37,351	5,06,386
Lease Expenses	7,38,712	Nil
	<u>1,42,19,485</u>	<u>60,10,975</u>

## SREE SAKTHI PAPER MILLS LIMITED

### NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### SCHEDULE No.20

##### 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.72.60 Lacs (Previous Year Rs. 51.85 Lacs) purchased under Hire Purchase Agreement with M/s Mercantile Credit Corporation, Ernakulam.
- c. Machines costing Rs.46.42 Lacs (Previous Year Nil) were acquired under Lease from M/s Kerala State Industrial Development Corporation Ltd., Trivandrum.

##### 4. Investments:

Investments are stated at cost.

## SREE SAKTHI PAPER MILLS LIMITED

### 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 finished 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 plus, wherever applicable, proportionate direct 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:

Contingent Liabilities are not provided for and are disclosed in notes to the accounts.

## B. NOTES ON ACCOUNTS

### 1. Managerial Remuneration :

Remuneration paid to Managing Director includes

	Rs.
Salary	3,60,000
House Rent Allowance	1,80,000
Total	<u>5,40,000</u>

Remuneration paid to Executive Director includes

Salary	2,04,600
House Rent Allowance	1,02,300
Total	<u>3,06,900</u>

### 2. Value of Imports on C.I.F. basis during the year amounted to Rs.84.21 Lacs

## SREE SAKTHI PAPER MILLS LIMITED

### 3. Raw Materials consumed

	Quantity Tonnes	Value Rs.Lacs
Imported Waste Paper	815.195	84.21
Indigenous Waste Paper	14873.776	703.53
Chemicals	558.874	66.21

### 4. Finished Goods

Particulars of Paper & Paper Boards	Quantity Tonnes	Gross Value Rs.Lacs
Opening Stock	30.459	2.26
Production	13,719.942	1876.73
Sales	13,342.852	1821.80
Closing Stock	407.549	57.19
Sale of Electricity	399004 Units	Rs. 8.31 Lacs

### 5. Work-in-Progress

	Quantity Tonnes	Value Rs.Lacs
Opening	6.00	0.37
Closing	117.10	16.83

### 6. Percentage of consumption of Raw Materials

	Rs. Lacs	Percentage to total
Imported	84.21	9.84%
Indigenous	771.74	90.16%

7. Sales are inclusive of Excise Duty & Cess.

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

## SREE SAKTHI PAPER MILLS LIMITED

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.
12. **Contingent Liabilities not provided for**  
Unexpired Contracts for Capital Expenditure Rs.8.50 Lacs.

### 13. Capacity

	MT.
Licensed Capacity(Registered with S.I.A.)	18,900
Installed Capacity	19,800
Actual Production	13,715

14. Professional service charges include Rs. 36,000/- to a director.
15. Repairs & Maintenance - Building includes a sum of Rs. 85,539.96 relating to work done during prior years.
16. Provision has not been made for the diminution in value of quoted investments.
17. The Company is eligible for exemption from State Government Sales Tax and concessional rate of Tax for interstate sales at the Chalakudy Unit. The order from the appropriate Authority granting exemption / concession from Sales Tax is yet to be received. The estimated amount of Sales Tax liability on the sales effected by the company at the Chalakudy unit for which the Company is eligible for exemption comes to Rs. 7.70 Lacs
18. Commercial production for the Chalakudy unit commenced from 29/8/95 and all direct and indirect expenditure attributable to the Chalakudy project upto and including 28/11/95 have been capitalised.
19. Information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet abstract and Company's general business profile

a) Registration details	
Registration Number	06207 of 1991
State Code Number	09
Balance Sheet date	31st March 1995

## SREE SAKTHI PAPER MILLS LIMITED

b)	Capital raised during the year ( Amount in '000)	
	Public Issue	Nil
	Right Issue	8000
	Bonus Issue	Nil
	Private Placement	Nil
c)	Position of Mobilisation and Deployment of Funds ( Amount in '000)	
		31.03.1996
		Rupees
	Total Liabilities	184803
	Total Assets	184803
	Sources of funds	
	Paid-up Capital	16500
	Reserves & Surplus	37177
	Secured Loans	131126
	Deferred payment Credit	Nil
	Application of funds	
	Net Fixed Assets	141407
	Investments	269
	Net Current Assets	43127
	Miscellaneous Expenditure	Nil
d)	Performance of the Company	
	Turn over (including other income)	175641
	Total Expenditure	164431
	Profit before Tax	11210
	Profit after Tax	11210
	Earnings per share	6.79
	Dividend rate percentage	15%

**SREE SAKTHI PAPER MILLS LIMITED**

e) Generic names of three principal products of the Company:

ITC Code No.	Description
1 6413	Kraft Paper from Non-Conventional raw materials like waste paper Kraft cuttings
2 48101209	Paper Board coated with china clay using Unconventional raw materials

Signatories to Schedules 1 to 20 :

By order of the Board

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

S.Sivathanu Pillai  
Chairman

A.Mohanam, B.Sc., F.C.A.  
Partner  
Cochin - 18  
26-10-96

A.S.Unni  
Director

S.Rajkumar  
Managing Director

R.Ponnambalam  
Company Secretary

Pradeep K.B.  
D.G.M. - Finance & Accounts

Cochin - 16  
Dt. 26-10-96