

*Sree Sakthi Paper
Mills Limited*

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Fifth Annual Report
1995-96

SREE SAKTHI PAPER MILLS LIMITED

DIRECTORS

Mr. S. Skethanu 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, 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

Notice 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

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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 19th 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

Your 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	211.93
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

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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. Batlin & 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	12,25,805	-
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