



17th Annual Report

2010-2011

VICTORY PAPER AND BOARDS (INDIA) LIMITED

VICTORY PAPER AND BOARDS (INDIA) LIMITED

Board of Directors

Sri. K.P. DAVIS	Chairman
Sri. K.P. SAXON	Managing Director
Sri. T.P. GEO	Independent Director

Bankers

THE FEDERAL BANK LIMITED
Kunnankulam

Auditors

M/s. ABRAHAM & JOSE
Chartered Accountants
IX/467, Mission Quarters Road
Thrissur - 680001

Company Secretary (Consultant)

Sri. T.R. SANGAMESWARAN, B.Com., L.L.B., FCS

Regd. Office

VICTORY PAPER AND BOARDS (INDIA) LIMITED
P.B. No. : 36, Victory Press Building
Kunnankulam - 680 503 Kerala, S. India.
Phone: 222342, 222434, 225585, 223775 Fax: 04885-222494
E-mail: victorypress@dataone.in

Factory

IV/120-A, Mannukadu, P.O. Vengodi,
Elappully, Palakkad - 678 622
Phone: 2583409, 2583493. Fax: 0491-2583285

VICTORY PAPER AND BOARDS (INDIA) LIMITED

17 TH ANNUAL GENERAL MEETING - AT 10 A.M. ON 30TH DECEMBER 2011.

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Company will be held at 10 a.m. on Friday, the 30th December 2011, at Chamber Tower, Yesudas Road, Kunnamkulam, Thrissur- 680 503, Kerala to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and Profit and Loss account for the year ended on that date together with the report of Directors and Auditors thereon.
2. To appoint Statutory Auditors for the period up to the conclusion of the next Annual General Meeting of the Company and to fix their remuneration. M/s. Abraham and Jose, Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment.

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. For validity of Proxy, the duly filled in proxy form to be submitted at the Registered Office of the Company at least 48 hours before the meeting.
2. Members are requested to intimate the Company the change of address well in time.
3. The Register of Members will be closed from 30th November 2011 to 20th December 2011 (both days inclusive).
4. Members are requested to quote their Folio No. in all the correspondence with the Company.

By Order of the Board

Kunnamkulam
Date:21-11-2011

Sd/-
(K.P. Saxon)
Managing Director

VICTORY PAPER AND BOARDS (INDIA) LIMITED

DIRECTORS REPORT TO THE SHARE HOLDERS

Dear Shareholder,

Your Directors hereby presents the 17th Annual Report of the Company with the Audited statement of accounts for the year ended 31st March 2011.

1. OPERATIONAL PERFORMANCE:

The company could not take any production during the year due to labour strike and the lock out is still continuing. The management has entered a Memorandum of Understanding with trade unions and the maintenance work in the company is under progress. The company has already completed formalities to resume production within a couple of months.

2. FUTURE PLAN OF ACTION:

The management has done some modification in the paper machine to take up production either Kraft Paper or Writing and Printing Paper depending upon the market conditions. By this modification the production of the company can increase from 30 tonnes to 50 tonnes.

3. FINANCIAL HIGHLIGHTS:

	Year ended 31. 3. 2011	Year ended 31. 3. 2010
Income from Operations	9095772	39143907
Other income	515234	368073
Total Income	9611006	39511980
Less: Cost of goods sold	14021345	42772060
Operating expenses	2248568	7513245
Interest	8490350	9889151
Profit/Loss before depreciation and tax	(15149257)	(20662475)
Less: Depreciation	7150594	6063661
Profit/(Loss) before tax	(22299851)	(26726136)
Less Income tax or fringe benefit tax	0	0
Profit/(Loss) after tax	(22299851)	(26726136)
Add: Opening balance of Profit & Loss Account	(144987142)	(118261006)
Transferred to Balance Sheet	(167286993)	(144987142)

4. STATE OF AFFAIRS:

The company could not achieve optimum production for the last few years due to labour dispute. In the Memorandum of Understanding signed with the Labour Unions, it has been clearly mentioned the minimum target of production to be achieved in each shift is fixed. This will help for better production.

Even though the Company could not able to take production, the bank loan facility reduced from Rs. 7.42 Crore to Rs.4.62 Crore bring down substantial amount of Rs. 2.74 Crore. Moreover, the Company have also serviced an interest of Rs. 84.9 Lakhs. All these amounts have been raised by the Directors and their firms without charging any interest.

VICTORY PAPER AND BOARDS (INDIA) LIMITED

5. GENERAL OUTLOOK:

The company could not compete with large paper mills because of low production. The present modification will improve production and tonnage and management will be able to bring the company into profit.

6. HIGHLIGHTS OF THE YEAR

Acute shortage of raw materials in the market, smaller mills are finding difficulty to compete with mills which produce paper from pulp. Now kraft paper is in demand. So the company has renovated the plant to produce kraft or writing and printing paper enabling to change the production line depends upon the demand of the market.

7. DIVIDEND

No dividend has been declared this year since the company has not made any profit during the year under review.

8. DIRECTORS

Shri K.P.Davis, Joint Managing Director of the company has been appointed as Chairman and Whole Time Director with effect from 30.10.2010.

9. COST AUDIT

Shri. George Issac, Ernakulam, who was appointed Cost Auditor of the Company last year still continues to be as the Cost Auditor.

10. AUDITORS

M/s Abraham & Jose, Chartered Accountants, our retiring auditors, expressed their willingness to be reappointed as Statutory Auditors of the Company for the year 2011-2012.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details are given in Annexure-A.

12. PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

No employee of the Company was in receipt of remuneration during the financial year 2010-11, exceeding the amount prescribed under Sec.217(2A) of the Company's Act, 1956, read with the Companies (particulars of employees) Rules, 1975, as amended.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Directors confirm :-

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

VICTORY PAPER AND BOARDS (INDIA) LIMITED

14. REPLY TO QUALIFICATION IN AUDITORS REPORT :

- (i) The factory of the company was lockout from 30.08.2009 and factory office s not functional from there, So fixed Assets records were not updated. It will be updated soon after the Lockout is withdrawn and the functioning of office.
- (ii) The Company introduces new varieties of paper from time to time according to market requirement. All the factors of production relating to such items are not readily identifiable. Necessary requirements of AS-2, Inventory Valuation will be complied with, after completion of Cost Audit.
- (iii) The Company has paid Rs.432.46 lakhs to Kerala State Electricity Board towards disputed electricity charges after the dismissal of the Company's petition by the High Court of Kerala against charging of disputed tariff by the Electricity Board. The company has disputed the matter and filed an appeal before Supreme Court of India and the final judgement of the Hon. Supreme Court is awaited. Hence the amount of Rs.432.46 lakhs paid towards the same is not recognized as an expense instead shown as 'receivables' under the head 'Other Current Assets' in Schedule - 9.
- (iv) Provision for gratuity is made as per the Payment of Gratuity Act, 1972 company will carry out actuarial valuation in future so as to comply with As-15 on Employee Benefits.
- (v) Internal audit is being conducted by the Company's own competent and qualified staff and the final report is vetted by a qualified Chartered Accountant before sending it to the press.
- (vi) The company facing financial crises due to factory lockout. Even the payment of statutory dues were not regular in the financial year 2010-2011, Pending statutory dues settled in the next financial year 2011-12.
- (vii) a) Auditor's state that they have not obtained all the information and explanations necessary for the purpose of their audit, What prevented them from obtaining the informations and explanations are not explicitly mentioned. We are therefore, unable to comment on the same.
b) The Auditors have not reported any discrepancy in maintenance of books of accounts and compliance of provisions of company's Act throughout the entire period of their audit, including March 31, 2011. Similar books like in the previous financial years have also been kept during the year under report.
- (vi) Other comments of the Auditor's have been noted for future compliance.

15. CORPORATE GOVERNANCE

Auditors certificate on compliance of conditions of corporate governance and separate notes on corporate governance are enclosed as Annexure 'B' and 'C'. Management Discussion and Analysis is attached as Annexure 'D'

16. INDUSTRIAL RELATIONS :

Overall industrial relations during the year were not good. Matters concerning the workmen are continued to be represented by the three recognized trade unions. Now the Company is able to sign a work load settlement which will improve the productivity and performance

17. COMPLIANCE CERTIFICATE :

A certificate from the Auditors of the Company regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreement is attached to this report.

18. ACKNOWLEDGMENT :

Your Directors wish to place on record their greatest appreciation and thanks to M/s. Federal Bank Limited for extending their wholehearted co-operation and timely assistance rendered by them to the company during the year. Your Directors also wish to convey their appreciation for the assistance, co-operation and support extended to your company by the shareholders, The State Government Departments, The Securities and Exchange Board of India, Stock Exchanges, ROC, Bankers, Auditors, Cameo Corporate Services Ltd., NSDL, CDSL, valued customers and last but not the least to the general public who have been very helpful to the company to the progress made by it throughout the year.

By Order of the Board
For VICTORY PAPER AND BOARDS (INDIA) LIMITED

Sd/-
(K.P. Davis)
Chairman

Kunnankulam
Date:21-11-2011

VICTORY PAPER AND BOARDS (INDIA) LIMITED

ANNEXURE A TO THE DIRECTORS' REPORT

FORM A

Form for disclosure of particulars with respect to conservation of energy 2010-2011
During the year Plant is in Lock-Out, Company does not consume energy for production process

A. Power and Fuel Consumption

		<u>Current year</u>	<u>Previous year</u>
1	Electricity:		
	(a) Purchases:	Kwh	
	Unit	Nil	956370
	Total amount	Nil	6704085
	Cost per unit	Nil	7.01
	(b) Own generation:	Kwh	
	(i) Through diesel generator		
	Unit	Kwh	Nil
	Unit per litre of diesel oil	Nil	Nil
	Cost/unit	Nil	Nil
	(ii) Through steam turbine/generator		
	Unit		
	Unit per litre of fuel oil/gas		
	Cost/unit		
2	Coal (specify quality and where used)		
	Quality (tonnes)	N.A	N.A
	Total cost		
	Average rate		
3	Furnace oil		
	Quantity (k.ltrs.)	N.A	N.A
	Total amount		
	Average rate		
4	Others/internal generation (husk)	Nil	851TON
	Total cost	Nil	2382449
	Rate/tonne	Nil	2800
B	Consumption per unit of production		
	Particulars	<u>STANDARD</u> (IF ANY)	<u>CURRENT</u> <u>YEAR</u>
	Products: Paper per Ton		<u>PREVIOUS</u> <u>YEAR</u>
	Electricity	—	996 KWH
	Furnace oil	N.A	N.A
	Coal (Specify quality)	N.A	N.A
	Others - husk	—	886 KG

FORM B

Form for disclosure of particulars with respect of absorption

Research and development (R & D)

Presently, the company does not have any special research and development activities.

Technology absorption, adaptation and innovation

The company is making efforts in the respective sectors of technology absorption, adaption and innovation in order to bring about product improvement, cost reduction, etc.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company does not have any foreign Exchange Earnings or Outgo during the year

VICTORY PAPER AND BOARDS (INDIA) LIMITED

ANNEXURE 'B' TO THE DIRECTORS REPORT CORPORATE GOVERNANCE

1. Company's philosophy on Corporate governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Victory Paper and Boards (India) Limited's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders. VPBL is committed to achieving the highest standards of corporate governance and thereby to enhance the overall shareholder value, over a sustained period of time.

2. Board of Directors

The Board of Directors consists of Three directors with one Chairman and Whole Time Director, one Managing Director and one Non-executive director. Chairman and WTD Mr. K.T Pavunny expired on 02.10.2010 and Small Shareholder's Director Sri Moncy P Abraham retired on 30.12.2010.

During the year under review, 12 Board Meetings were held on April 30, May 28, June 30, July 31, August 30, September 25, October 30, November 30, December 30, 2010, January 31, February 28 and March 25, 2011. The composition of the Board of Directors and attendance of the directors at the Board meetings during the year and at the last Annual General Meeting as also number of other directorships in Indian Public Limited Companies are as follows-

Name of Director	Attendance at last AGM	No. of Board meeting attended	Category of director	Sitting Fee	Other Director ship	Other Board's committees	
						Chairman	Member
Sri. K.T. Pavunny	No	6	C & WTD	4500	1	1	Nil
Sri. K.P. Saxon	Yes	12	MD	9000	1	1	2
Sri. K.P. Davis	Yes	12	C & WTD	9000	1	1	2
Sri. T.P. Geo	Yes	12	NED	9000	Nil	1	2
Sri. Moncy P. Abraham	Yes	9	SSHD	6750	Nil	Nil	1

C & WTD – Chairman & Whole Time Director MD-Managing Director, NED – Non-Executive Director, SSHD- Small Shareholder's Director.

3. Committees of the Board

There are three committees of the Board of Directors, which have adequate delegation of powers to discharge urgent business of the company. These committees are (1) Audit Committee (2) Remuneration committee and (3) Investors grievance committee.

1) Audit Committee

(i) Terms of reference:

Apart from all the matters provided in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, the committee reviews the adequacy and compliance of internal control systems and accounting and related functions. The committee reviews reports from accounts department, meets statutory auditors periodically and discusses their findings, suggestions, internal control systems, scope of audit, observations of the auditors and other related matters.

(ii) Composition

The committee comprises of 1 Non-Executive Director, Chairman and WTD and Managing Director. The committee met 4 times during the year on April 5, July 2, October 4, 2010 and January 26, 2011 and the attendance of members at the meetings was as follows-

VICTORY PAPER AND BOARDS (INDIA) LIMITED

Name of the member	Status	No. of meeting attended
Sri. T.P.Geo	Chairman	4
Sri K.P.Saxon	Member	4
Sri K P Davis	Member	4

2) Remuneration Committee

- (i) **Terms of reference:**
The committee has been formed to review the remuneration of whole time directors in line with the Corporate Governance guidelines. However the whole time directors has not accepted any remuneration other than sitting fees during the year.
- (ii) **Composition:**
The committee comprises of two executive directors and one non-executive director. One of the executive directors Mr.K.T. Pavunny expired on 02.10.2010 and Mr. K.P Davis appointed in his place. The committee met four times during the year on June 30, September 29, December 29 2010 and March 30, 2011 and the attendance of members at the meetings was as follows-

Name of the member	Status	No. of meetings attended
Sri. K.T. Pavunny	Chairman	2
Sri. K.P. Davis	Member	4
Sri. K.P. Saxon	Member	2
Sri. T.P. Geo	Member	4

3) Investors Grievance Committee

- (i) **Terms of reference:**
The committee has been formed to approve the matters relating to review and redressal of investors' grievances, issue of duplicate share certificates, decide the dates of book closure/record dates in respect of the securities presently issued/to be issued by the company and other allied matters.
- (ii) **Composition:**
The committee comprises of two executive directors, one non-executive director and one Small Share Holders Director. Small Share Holder's Director retired from 30.12.2010. The committee met four times during the year on June 29, September 29, December 28, 2010 and March 31, 2011 and the attendance of members at the meetings was as follows-

Name of the member	Status	No. of meetings attended
Sri. K.P. Saxon	Chairman	4
Sri. K.P. Davis	Member	4
Sri. Moncy P.Abraham	Member	3
Sri. T.P. Geo	Member	4

4) General Body Meetings

The last three Annual General Meetings of the company were held as under:

Financial year	Date	Time	Location
2009-2010	30.12.2010	10.00 am	Chamber Tower Kunnankulam
2008-2009	26.11.2009	10.00 am	Chamber Tower Kunnankulam
2007-2008	27.09.2008	10.00 am	Chamber Tower Kunnankulam

5. Disclosures

- a) None of the transactions with any of the related parties were in conflict with the interests of the Company.
- b) No penalties have been imposed on the company for the last three years by the stock exchange or SEBI or any statutory authority on any matter related to capital markets for non-compliance by the company.

VICTORY PAPER AND BOARDS (INDIA) LIMITED

6. Means of communication

The company has been disclosing corporate financial performance i.e. quarterly, half-yearly and annual audited financial results with in the stipulated period to the stock exchange after being approved by the Board. The results are normally published in the editions of Kerala Kaumudi and Business Line.

Management discussion and analysis report forms part of this annual report.

7. General Shareholder's Information

(i) 17th Annual General Meeting

Venue: Chamber Towers, Yesudas Road, Kunnamkulam, Thrissur (Dist), Kerala

Time : 10 am

Date : 30th December, 2011

(ii) Tentative Financial Calendar.

Results for the quarter ending June 30, 2011:- 30/07/2011

Results for the quarter ending September 30, 2011:- 30/10/2011

Results for the quarter ending December 31, 2011:- 29/01/2012

Results for the year ending March 31, 2012:- 30/04/2012

Annual General Meeting 26/09/2012

(iii) Book Closure

The register of members and share transfer books shall remain closed from 30.11.2011 to 20.12.2011 both days inclusive.

(iv) Dividend payment date: No dividend has been proposed for the year 2010-11.

(v) Listing on stock exchanges and stock codes:-

The names and addresses of the stock exchanges at which the equity shares of the company are listed and the respective stock codes are as under:

S. No.	Name of stock exchange	Stock Code
1.	BSE, Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street, Mumbai	31234
2.	Madras Stock Exchange Ltd. Exchange Building, P.B. No.183, 11, Second Lane Beach, Chennai 600001	VICTORY PAP
3.	Ahmedabad Stock Exchange, Kamadhenu Complex, near Polytechnic, Panjawapole, Ahmedabad 380 015	65124
4.	The Cochin Stock Exchange Ltd. , 36/1565, 4 th Floor, M.E.S. Buildings, Judges Avenue, Kaloor, Cochin 682 017	VPB

(vi) Demat ISIN Numbers

In NSDL & CDSL for

: ISIN No. INE962E01015

Equity shares

(vii) Market Price Data :

Company's shares were not traded in Madras, Ahmedabad and Cochin stock exchanges during the year.

(viii) Share price performance in comparison to broad based indices -Data not available

VICTORY PAPER AND BOARDS (INDIA) LIMITED

(ix) Registrars and Transfer Agents

For Physical transfers: Secretarial department, M/s Victory Paper and Boards (I) Ltd.,
Victory press building, Kunnamkulam – 680 503, Kerala

For Demat transfers : Cameo Corporate services Ltd, Subramanyan building,
No: 1 , Club house Road, Chennai – 600 002

(x) Share Transfer System:

Presently, the share transfers which are received in physical form are processed and the share certificate returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

(xi) Distribution of share holding

The distribution of share holding as on 31st March, 2011 was as follows-

S. No.	No. of Equity share held	No. of share holders	Percentage of total shareholders	No. of shares held	Percentage of total shares
1	1 to 100	1192	37.37	88900	0.66
2	101 to 500	817	25.61	177700	1.32
3	501 to 1000	579	18.15	276100	2.04
4	1001 to 5000	493	15.45	799000	5.92
5	5001 to 10000	50	1.57	204900	1.52
6	10001 to 100000	40	1.25	783300	5.80
7	100001 to 500000	12	0.38	1613600	11.95
8	500001 & above	7	0.22	9556600	70.79
	Total	3190	100	13500000	100

Details of shareholding as on 31st March, 2011 was as under:

Sl. No.	Category	No. of shares held	% shareholding
1	Promotors	9365700	69.37
2	Financial Institutions,Banks& Mutual Funds	88500	0.66
3	NRI's Foreign Nationals,OCB&FIIs	23602	0.17
4	Indian Public	2583260	19.14
5	Corporate body	1438938	10.66
	Total	13500000	100.00

Out of the above 135,00,000 equity shares 4,37,100 equity shares are partly paid.

VICTORY PAPER AND BOARDS (INDIA) LIMITED

(xii) Dematerialisation of shares & liquidity

The shares of the Company fall under the category of compulsory delivery in dematerialized mode by all categories of investors. The Company has signed agreements with both the Depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Limited. 16.80 % of the share Capital of the Company has already been dematerialized.

(xiii) Outstanding GDRS/ADRS/Warrants or any convertible Instruments, conversion date and likely impact on equity : **NIL**

(xiv) Location of the plants

Victory Paper and Boards (India) Ltd, (Factory)
IV/120-A, Mannukadu P.O., Vengodi,
Elappully, Palakkad – 678 622, Kerala

(xv) Address for correspondence:

Victory Paper and Boards (India) Limited
Registered Office : PB NO.36
Victory Press Building
Kunnamkulam 680 503, Kerala, India.

VICTORY PAPER AND BOARDS (INDIA) LIMITED

ANNEXURE- 'C' TO DIRECTORS REPORT**CERTIFICATE**

To

The Members of Victory Paper and Boards (India) Limited

I have examined the compliance of conditions of corporate Governance by Victory Paper and Boards (India) Limited for the year ended 31st March, 2011 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. My examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

I further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness which the management has conducted the affairs of the Company.

Thrissur
21-11-2011

Sd/-
T.R. Sangameswaran
(Company Secretary)

VICTORY PAPER AND BOARDS (INDIA) LIMITED

ANNEXURE- 'D' TO DIRECTORS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Victory Paper and Boards (India) limited is pleased to present its analysis report covering performance and outlook. The report contains expectations of the company's business based on current environment. Many unforeseen and uncontrollable external factors could alter these expectations.

BUSINESS ORGANISATION:

The company is dealing only in paper manufacture and sales. The Company is having a plant with an installed capacity of 7500 TPA at Elapully in Palakkad District of Kerala.

I. INDUSTRY OUTLOOK

The demand for paper is shrinking with economic recession. Paper industry is under recession in line with the overall industrial situation in the country. However we expect brighter years ahead for the industry as a whole.

a) Paper policy

The company shall concentrate on launching value added products to increase turnover and profitability. According to the experts, as against the paper industry's growth rate of 8 to 9 %, the market for products in the high-end segment is growing at 25 to 30%. The domestic demand for paper products is now showing a gradual healthy trend across segments. However a significant growth is expected in the high-end segment.

b) Opportunities and threats

Though the pulp and waste paper prices have gone up, the domestic market is not able to sell their products at reasonable prices. Frequent power failures causes loss of production due to shut down and restarting of the plant. However the company is hopeful of achieving the targets with better realization from the high end segment.

II. OPERATIONAL AND FINANCIAL PERFORMANCE

The summarized performance of the company is as under:

	2010-2011	(Rs in crores) 2009-2010
Sales	0.91	3.91
Net Profit	(2.23)	(2.67)

VICTORY PAPER AND BOARDS (INDIA) LIMITED

Paper Production

During the year 2010-11, there was no paper production due to plant lockout

Paper Sales Volume

The sale of paper during the year 2010-11 was Nil tons as against 1008.85 tons during the corresponding period of last year.

Trading Activity:

During the year the company was involved in trading activities to the tune of Rs. 91 lakhs.

Distribution Network:

Rs.46.30 lakhs of the company's sales are distributed through its group company M/s. Victory Press Private Limited which has sales depots in all major cities of Kerala. The Balance is distributed directly by the company. ◦

**III. MATERIAL DEVELOPMENT IN HUMAN RESOURCES/
INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED**

The Company was in lock out during the year 2010-11 due to labor strike. The Company has also signed a three-year wage agreement with its employees and unions on 19-2-2011

IV. INTERNAL CONTROL SYSTEM

The Company ensures existence of adequate internal control through documented Policies & Procedures to be followed by the executives at various levels in the organization.

VICTORY PAPER AND BOARDS (INDIA) LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF VICTORY PAPER AND BOARDS (INDIA) LIMITED, KUNNAMKULAM.

1. We have audited the attached Balance Sheet of VICTORY PAPER AND BOARDS (INDIA) LIMITED, KUNNAMKULAM as at 31st March 2011, the Profit and Loss account for the year ended on that date and 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 in terms of Section 227 (4A) 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.
4. *The Company is manufacturing different varieties of paper. The details of inventory valuation are not available with the Company. Also inventory records in respect of Raw Material, Finished Goods, consumables, stores and spares and semi-finished goods were not made available for our verification. Hence we are unable to verify compliance of Accounting Standard - 2, Valuation of Inventories.*
5. *The Company has paid electricity charges and interest thereon amounting to Rs 432.46 Lakhs to Kerala State Electricity Board and shown under 'other current assets', which in our opinion should have been charged as a revenue expenditure. (See note no. 19 of the Notes on accounts)*
6. *Provision for Gratuity is made on an estimated basis, without Actuarial valuation, which is not in accordance with Accounting Standard -15 on Employee Benefits.*
7. Further to our comments in the annexure referred to in paragraph 3 and in paragraph 4, 5 & 6 above, we report that
 - a. *We have not obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;*
 - b. *In our opinion, proper books of accounts as required by law have not been kept by the company so far as appears from our examination of those books;*
 - c. *The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of accounts kept by the management;*
 - d. *In our opinion, the Balance sheet, Profit and 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, subject to paragraph 4, 5 & 6 above;*
 - e. *On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956;*
 - f. *In our opinion and to the best of our information and according to the explanations given to us, because of the effects of the matters in the annexure referred to in paragraph 3 and in paragraph 4, 5 & 6 above, the said accounts read together with the significant accounting policies and other notes thereon does not give the information required by the Companies Act, 1956 in the manner so required and does not give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - i. *in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;*
 - ii. *in the case of the Profit and Loss account, of the "Loss" of the Company for the year ended on that date; and*
 - iii. *in the case of the Cash Flow statement, of the cash flows for the year ended on that date.*

For Abraham & Jose
Chartered Accountants

Sd/-
Paulson Thengumpallil
Partner
Membership No. : 208694

VICTORY PAPER AND BOARDS (INDIA) LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date)

- i) (a) *The Company has not satisfactorily maintained records showing particulars including quantitative details and situation of fixed assets. The records are not updated for the past few years.. In the absence of an updated fixed assets register and due to non-availability of records of physical verification we are unable to ascertain the appropriateness of the same.*
- (b) *As explained to us most of the assets have been physically verified by the Management during the year in accordance with a phased programme of verification adopted by the company and no material discrepancies were noticed on such verification. However we are unable to verify the reasonableness of the same, as necessary documentary evidences were not made available for our verification.*
- (c) Major part of fixed assets has not been disposed off during the year.
- ii) (a) *As explained to us the company has conducted physical verification at reasonable intervals in respect of inventory. However we have not received any documentary evidence to verify the same.*
- (b) *In the absence of documentary evidence we are unable to ascertain whether the procedures of physical verification of stocks followed by the Management are reasonable and adequate or not in relation to the size of the company and the nature of its business.*
- (c) *In our opinion the company is not maintaining proper records of inventory. In the absence of records we are unable to ascertain whether discrepancies if any were noticed on physical verification of stocks.*
- iii) The company has not accepted/granted any loan from/to companies; firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 except temporary advances and credits in the normal course of business.
- iv) *In our opinion and according to the information and explanations given to us, there are no satisfactory internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have observed continuing failures to correct major weaknesses in internal controls in respect of inventory and fixed assets.*
- v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made 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 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from the public.
- vii) *No internal audit system was prevailing in the company for the period under audit.*
- viii) The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of manufacturing activity of the company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that the prescribed accounts and records are not satisfactorily maintained.

VICTORY PAPER AND BOARDS (INDIA) LIMITED

- ix) (a) According to the information and explanations given to us, the company is not regular in depositing with the appropriate authorities undisputed statutory dues such as provident fund, employees state insurance, income tax (TDS) and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no material undisputed amounts are payable in respect of income tax, wealth-tax, sales-tax, customs duty, excise duty, cess and other statutory dues which are outstanding as on 31.03.2011 for a period of more than six months from the date on which they became payable.
- (c) According to the information and explanations given to us there are no material disputed statutory liabilities pending before any forum except a disputed sales tax liability, aggregating to Rs 33.30 lakhs that have not been deposited on account of matters pending before The Hon. High Court of Kerala.
- x) *The accumulated losses of the company as at the end of the current financial year is more than its net worth. The company has incurred cash losses during the financial year covered by our audit. Cash losses were incurred during the immediately preceding financial year.*
- xi) *In our opinion and according to the information and explanations given to us, the company is not regular in repayment of dues to financial institutions or banks.*
- xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, 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 (Auditors 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 (Auditors Report) order, 2003 are not applicable to the company.
- xv) As per the information furnished to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment. However long term funds have been used to finance short-term assets.
- xviii) According to the information and explanations given to us, during the year company has not made preferential allotment of shares to Parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, the company has not issued any debentures so far.
- xx) During the period covered by our audit report, the company has not raised any money by public issues.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Abraham & Jose
Chartered Accountants

Sd/-

Paulson Thengumpallil
Partner
Membership No. : 208694

VICTORY PAPER AND BOARDS (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

		Schedule No.	Current year 31.03.2011 (Rs.)	Previous year 31.03.2010 (Rs.)
I. SOURCE OF FUNDS				
1	Shareholders Funds			
	a. Capital	1	130629000	130629000
	b. Reserves and Surplus	2	Nil	Nil
2	Loan Funds			
	a. Secured loans	3	46848736	74207320
	b. Unsecured loans		Nil	Nil
	Total		<u>177477736</u>	<u>204836320</u>
II. APPLICATION OF FUNDS				
1	Fixed Assets			
	a. Gross block		166627556	168048430
	b. Less: Depreciation		70213023	63062429
	c. Net block	4	96414533	104986001
	d. Capital work-in-progress	5	0	0
2	Investments		Nil	Nil
3	Current Assets, Loans & Advances			
	a. Inventories	6	76590513	83448726
	b. Sundry debtors	7	15833603	15782991
	c. Cash & bank balances	8	2729444	1921833
	d. Other Current assets	9	49986662	49986662
	e. Loans and advances	10	Nil	Nil
			<u>145140222</u>	<u>151140212</u>
	Less: Current liabilities & provisions			
	a. Liabilities	11	227163483	192252131
	b. Provisions		4200530	4024903
	Net current assets		<u>(86223790)</u>	<u>(45136823)</u>
4	Miscellaneous Expenditure to the extent not W/off or adjusted (Preliminary and preoperative expenses)			
	Profit & Loss Account		167286993	144987142
	Total		<u>177477736</u>	<u>204836320</u>

As per our report of even date

For Abraham & Jose
Chartered Accountants

Sd/-
Paulson Thengumpallil
Partner (Jt. Mg. Director cum WTD)
Membership No.: 208694

Thrissur
21-11-2011

For and on behalf of the Board

Sd/-
Sri. K.P. Saxon
(Mg. Director)

Sd/-
Sri.K.P.Davis

Kunnamkulam
21-11-2011

VICTORY PAPER AND BOARDS (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	Current year 31.03.2011 (Rs.)	Previous year 31.03.2010 (Rs.)
INCOME			
Sales		9095772	39143907
Other income	12	<u>515234</u>	<u>368073</u>
		<u>9611006</u>	<u>39511980</u>
EXPENDITURE			
Cost of goods sold	13	14021345	42772060
Operating expenses	14	2248568	7513245
Interest		8490350	9889151
Depreciation		7150594	6063661
		<u>31910857</u>	<u>66238117</u>
Profit/(Loss) for the year before tax		(22299851)	(26726136)
Less: Income Tax / Fringe Benefit tax		0	0
Profit/(Loss) after tax		(22299851)	(26726136)
Less: Opening balance of profit & loss account		(144987142)	(118261006)
Balance loss carried to Balance Sheet		<u>(167286993)</u>	<u>(144987142)</u>
Notes on accounts	15		

As per our report of even date

For **Abraham & Jose**
Chartered Accountants

Sd/-
Paulson Thengumpallil
Partner
Membership No.: 208694

Thrissur
21-11-2011

For and on behalf of the Board

Sd/-
Sri. K.P. Saxon
(Mg. Director)

Sd/-
Sri.K.P.Davis
(Chairman cum WTD)

Kunnamkulam
21-11-2011

VICTORY PAPER AND BOARDS (INDIA) LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE - 1	Current year 31.3.2011 Rs.	Previous Year 31.3.2010 Rs.
CAPITAL		
Authorised Capital		
13500000 equity shares of Rs. 10 each	<u>13,50,00,000</u>	<u>13,50,00,000</u>
Issued, Subscribed and Paid up Capital		
13500000 equity shares of Rs.10 each	13,50,00,000	13,50,00,000
Less: Unpaid		
i - by directors	Nil	Nil
ii - by others	<u>4371000</u>	<u>4371000</u>
	<u>130629000</u>	<u>130629000</u>
 SCHEDULE - 2		
RESERVES & SURPLUS		
General Reserve		
Balance as per last balance sheet	Nil	Nil
 SCHEDULE - 3		
Secured Loan		
Federal Bank WCTL	0.00	933704
Term Loan	14341704	18762005
Federal Bank OD CC	32507032	47489949
(Secured by hypothecation of stock & bills and charge on all fixed assets of the company in addition to the personal guarantee of whole time Directors)		
Bill discounting	0.00	7021662
Vehicle Loan		
(Secured by Hypothecation of vehicles)	<u>46848736</u>	<u>74207320</u>
 SCHEDULE - 4		
FIXED ASSETS (Please see over leaf)		
 SCHEDULE - 5		
CAPITAL WORK IN PROGRESS		
Construction work in progress	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
 SCHEDULE - 6		
INVENTORIES		
Raw materials	6272949	8884506
Consumables	533288	4565800
Semi Finished goods	61417338	61417338
Finished goods	634938	849082
Stores and Spares	<u>7732000</u>	<u>7732000</u>
	<u>76590513</u>	<u>83448726</u>

VICTORY PAPER AND BOARDS (INDIA) LIMITED

SCHEDULE - 4 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2010	Additions	Sales/ adjustments	As on 31.03.2011	up to 01.04.2010	For the year	Sales/ Adjustments	up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
1 Land	7129355			7129355					7129355	7129355
2 Borewell	235519			235519	24367	3839		28206	207313	211152
3 Roads	4544376			4544376	842814	74073		916888	3627488	3701562
4 Factory building	20184827			26184827	7329089	874573		8203662	17981165	18855738
5 Other building	17874826			17874826	2730560	291360		3021919	14852907	15144266
6 Plant & Machinery	95741207		1300000	94441207	41711555	4986496		46698050	47743157	54029652
7 Electrical fittings	12323840			12323840	7044458	650699		7695157	4628683	5279382
8 Office equipments	286850			286850	189267	13625		202893	83957	97583
9 Other equipments	271150			271150	164171	12880		177050	94100	106979
10 Furniture & fittings	579594			579594	476499	36688		513188	66406	103095
11 Computer	375235			375235	375234	0		375234	1	1
12 Motor Vehicle	2501651		120874	2380777	2174415	206361		2380776	1	327236
Total	168048430	0	1420874	166627556	63062429	7150594	0	70213023	96414533	104986001
Previous year	142531434	25516996	0	168048430	56998768	6063661	0	63062429	104986001	85532666

VICTORY PAPER AND BOARDS (INDIA) LIMITED

SCHEDULE 7

SUNDRY DEBTORS

Debts outstanding for a period exceeding six months	15704798	3652660
Other debts	<u>128805</u>	<u>12130331</u>
	<u>15833603</u>	<u>15782991</u>

Note

Secured and considered good	Nil	Nil
Unsecured considered good	15833603	15782991
Considered bad and doubtful	<u>Nil</u>	<u>Nil</u>
	<u>15833603</u>	<u>15782991</u>

SCHEDULE - 8

CASH AND BANK BALANCES

Cash in hand	1849144	1215798
With Scheduled Banks		
i. in term deposit (Federal Bank Margin Money)	0	450000
ii. in current account	<u>880300</u>	<u>256035</u>
	<u>2729444</u>	<u>1921833</u>

SCHEDULE - 9

OTHER CURRENT ASSETS

Deposits for rent & telephone	623830	623830
Electricity deposit	5651359	5651359
Electricity Charges receivable	43246187	43246187
Tax deducted at source	15280	15280
Security deposit	450006	450006
	<u>49986662</u>	<u>49986662</u>

SCHEDULE - 10

LOANS AND ADVANCES

Advance to contractors	Nil	Nil
Other advances	<u>Nil</u>	<u>Nil</u>
Classification of Advances		
Considered good, secured	Nil	Nil
Considered good, unsecured	Nil	Nil
Considered doubtful or bad	Nil	Nil

Note

Due by directors or officers	Nil	Nil
Due by directors or officers jointly with others	Nil	Nil
Due from firms or private companies in which directors are interested	Nil	Nil
Due from other companies under the same management within the meaning of sub-section 1B of section 370	Nil	Nil
Maximum amount due by directors or Officers at any time during the year	Nil	Nil

VICTORY PAPER AND BOARDS (INDIA) LIMITED

SCHEDULE - 11

CURRENT LIABILITIES

Sundry creditors:		
Due to SSI Units	Nil	Nil
Others	40660845	32067715.89
Excise duty & Cess payable	Nil	Nil
Advance from Customers	171905077	147917237.3
Expenses payable	10460444	8218834
Income tax & Sales tax payable	3437116	3348344
Dealership deposit	<u>700000</u>	<u>700000</u>
	<u>227163483</u>	<u>192252131</u>

SCHEDULE - 12

OTHER INCOME

Miscellaneous income	515234	368073
	<u>515234</u>	<u>368073</u>

SCHEDULE - 13

COST OF GOODS SOLD

Opening stock	83448726	83854161
Add: Purchase of raw materials	0	0
Purchase of Paper	4596166	24648584
Consumable	0	2382449
	<u>88044892</u>	<u>110885194</u>
Less: Stock of raw materials, consumables, spares & Semi-finished goods	75955575	82599644
	<u>12089317</u>	<u>28285550</u>
Add: Electricity charges	2146500	6704085
Other direct expenses	420466	8631507
	<u>14656283</u>	<u>43621142</u>
Less: Closing stock of finished goods	634938	849082
Cost of goods sold	<u>14021345</u>	<u>42772060</u>

SCHEDULE - 14

OPERATING EXPENSES

Salary & allowance	54000	354845
PF,ESI	1120554	1643406
Staff Welfare expenses	6099	83760
Rent	114000	222825
Rates & taxes	13380	22877
Sitting fees	38250	33000
Insurance	79922	89815
Postage & telephone	25925	80966
Freight & coolie	226	79793
Travelling expenses	40474	241708
Advertisement	51206	115694
Annual listing fee	16719	34290
Printing & stationery	3316	20275

VICTORY PAPER AND BOARDS (INDIA) LIMITED

Electricity charges	45490	74267
Legal expenses	30500	32720
Auditors remuneration: Audit fee	60500	88240
Bank charges	35164	628047
Fuel charges	6797	119501
Packing materials	0	152686
Repairs & maintenance	168931	1242003
General expenses	129284	1147574
Gratuity	175627	351253
Bonus	0	248000
Sales Tax Paid	32204	405701
	<u>2248568</u>	<u>7513245</u>

SCHEDULE - 15

ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

A. ACCOUNTING POLICIES

1. Method of Accounting

The company prepares its accounts on accrual basis in accordance with the normally accepted accounting Principles.

2. Fixed Assets

Fixed assets are stated at cost net of cost less accumulated depreciation and impairment loss, if any.

3. Depreciation

Depreciation on fixed assets have been provided on straight-line method at the rates specified in schedule XIV of the Companies Act, 1956.

4. Expenditure during construction period

Direct revenue expenses incurred for acquiring, erecting and commissioning fixed assets are allocated to capital cost of respective assets on their completion.

5. Inventories

All items of inventory are valued at cost or net realisable value whichever is lower on FIFO basis. Work-in-process is not considered for inventory valuation.

6. Foreign currency transactions

The expenditure on account of imports has been accounted at the rate prevailing on the date of transaction. The creditors if any on account of imports, outstanding at the end of the year is accounted at the rate prevailing on the last day of the year. The rate difference if material between the transaction date and the settlement date is recognized as income or expense in the year in which they arise.

7. Taxes on Income

Deferred tax assets/liabilities are recognized and carried forward only when there is virtual certainty of realization in accordance with accounting standard 22 on Accounting for taxes on income issued by the Institute of Chartered Accountants of India.

8. Employee benefits

The company has introduced Provident Fund and Employees state Insurance Scheme for the benefit of its employees. Provision for gratuity has been made in accordance with the Payment of Gratuity Act, 1972.

VICTORY PAPER AND BOARDS (INDIA) LIMITED

B. NOTES FORMING PART OF ACCOUNTS

	31.03.2011 (Rs. in lacs)	31.03.2010 (Rs. in lacs)
1. Contingent liabilities		
a. Claims against the company not acknowledged as debts.	Nil	Nil
b. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	Nil	Nil
2. Earnings per share		
i) Profit/Loss after tax (Rs)	(22299851)	(26726136)
ii) No. of ordinary shares	13062900	13062900
iii) Nominal value of shares (Rs)	10	10
iv) Basic/Diluted earnings per share (Rs)	(1.71)	(2.05)
3. Sales include Rs 46,30,463/- to Victory Press (P) Ltd., of which debit outstanding is Rs.Nil. Rent include Rs.1,14,000 /- being rent paid to Victory Press (P) Ltd. Expenses include Rs.3095318/- paid to Victory Computer Forms towards material purchase, Rs. 780/- paid to Victory press (P) Ltd towards printing charges. The above are related concerns and represent transactions with related parties as per the Accounting Standard-18 issued by the Institute of Chartered Accountants of India on the subject.		
4. Most of the creditors, loans and advances payable to and receivable by the company are subject to confirmation and reconciliation. No payments against demands, which are due in respect of Income Tax, Customs Duty, Excise Duty etc. are outstanding as on 31.03.2011.		
5. Traveling expenses include expenses incurred by Managing director Rs.39,840/-		
6. It has been resolved vide board meeting dated 31.03.2011 that the directors are not drawing remuneration till 31st March 2011. Thus no provision is made in the accounts for remuneration during the year.		
8. The Company has only one business segment ie. paper manufacturing and sales. Hence Accounting Standard-17 on Segment Reporting is not applicable to the Company.		

	31.03.2011	31.03.2010
9. Quantitative information		
i. Licenced capacity	16500 TPA	16500 TPA
ii. Installed capacity	7500 TPA	7500 TPA
iii. Actual production	Nil	960 TPA

Details of principal raw material and finished goods

Raw materials Item	(Value Rs. in lacs)				(Qty. in tonnes)	
	Op. Stock		Purchases		Cl. Stock	
	Qty.	Value	Qty.	Value	Qty.	Value
Waste Paper	384.12	88.85	—	—	332.914	62.73

Finished / semi-finished goods

Product	Op. Stock		Purchases		Sales		Cl. Stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
1. Paper	24.973	8.49	—	45.96	—	90.96	—	6.35
2. Semi-finished paper	1833.5	614.17	—	—	—	—	1833.5	614.17

VICTORY PAPER AND BOARDS (INDIA) LIMITED

	31.03.2011 (Rs. in lacs)	31.03.2010 (Rs. in lacs)
10. Value of Imports (On CIF Basis)		
Raw materials	Nil	36.47
Components & Spare parts	Nil	Nil
Capital goods	Nil	Nil
11. Value of Imported raw materials, Spare parts and components consumed	Nil	32.54
12. Value of Indigenous raw materials, Spare parts and components consumed raw materials spare parts and components	Nil Nil	133.53 5.47
13. Expenditure incurred in foreign currency- Import of capital goods	Nil	Nil
14. Earnings in foreign currency	Nil	Nil
15. The Company has not paid any dividend in foreign currencies during the year to non-Resident Shareholders.		
16. In consideration of the past record of the company and the prevailing uncertainty, no deferred tax assets have been recognized on prudent basis as per the accounting standard 22 on Accounting for taxes on income.		
17. The company has an internal system to assess the impairment of assets. Appropriate disclosure on material impairment of losses and their treatment in profit & Loss account, classes of assets and nature of impairment will be made in the year in which the impairment is recognized.		
18. The Company has received a demand of Rs 33.30 Lakhs from the Sales tax department on account of disputed sales tax collected by the company. The company has disputed the demand and a stay petition is filed and the same is granted by the Hon. High Court of Kerala and is hopeful of getting a favorable decision in the matter on the basis of expert legal opinions. The above liability is shown under Sch -11 current liabilities.		
19. The Company has paid Rs 432.46 Lakhs to Kerala State Electricity Board towards disputed electricity charges after the dismissal of the Company's petition by the High court of Kerala against charging of disputed tariff by the Electricity board. The company has disputed the matter and filed an appeal before Supreme Court of India. Our appeal was dismissed. However we have again filed a review petition before the Supreme Court of India and is expecting a favorable decision in the matter on the basis of favorable judicial decisions. Hence the amount of Rs 432.46 lakhs paid towards the same is shown as 'receivables' under the head 'Other Current Assets' in Schedule-9.		
20. No provision for bonus has been made during the year 2010-11		
21. There are no Micro, Small and Medium enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31 st march, 2011. This information as required to be disclosed under the Micro, Small and Medium enterprise Development Act, 2006 has been determined to the extend such parties have been identified on the basis of Information available with the company.		
22. During the year the Company has not made any allotment of equity shares.		
23. The Company is having a part time Company Secretary. Efforts are being made to appoint a whole time Secretary.		
24. Previous years figures have been regrouped and readjusted wherever necessary and practicable. Figures are rounded to the nearest rupee.		
25. The factory of the company is under lockout from 30.08.2009 due to labour disputes. Various conciliation meetings were held to resolve the issues. However no final solution has reached till date.		

As per our report of even date

For and on behalf of the Board

For **Abraham & Jose**
Chartered Accountants

Sd/-
Sri. K.P. Saxon
(Mg. Director)

Sd/-
Paulson Thengumpallil
Partner
Membership No.: 208694

Sd/-
Sri.K.P.Davis
(Chairman cum WTD)

Thrissur
21-11-2011

Kunnamkulam
21-11-2011

VICTORY PAPER AND BOARDS (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011 (Rs.'000)	2009-2010 (Rs.'000)
A. Cash flow from Operating Activities		
Net profit before tax and extraordinary items	(22299.85)	(26726.14)
Adjustment for:		
Depreciation	7150.59	6063.66
Interest paid	8490.35	9889.15
Loss on Sale of Fixed Assets	(259.13)	0.00
Miscellaneous expenditure (amortised)	0.00	0.00
Operating profit before working		
Capital changes	(6918.03)	(10773.32)
Adjustments for:		
Trade & Other Receivables	6807.60	(600.08)
Trade Payables & Other Liabilities	35086.98	12799.11
Cash generated from operating activities	34976.55	1425.71
Direct Taxes	0.00	0.00
Net cash from Operating Activities (A)	34976.55	1425.71
B. Cash flow from investing Activities:		
Purchase of Fixed Assets	0.00	(47.60)
Sale of Fixed Assets	1680.00	0.00
Net cash used in investing Activities (B)	1680.00	(47.60)
C. Cash flow from Financing Activities:		
Proceeds from issue of Share Capital	0.00	0.00
Proceeds from Term Loans	(27358.58)	10303.90
Interest paid	(8490.35)	(9889.15)
Net Cash from Financing Activities (C)	(35848.93)	414.75
Net Increase/Decrease in Cash & CashEquivalents (A+B+C)	807.61	1792.85
Cash & Cash Equivalents as at 01.04.2009 (Opening Balance)	1921.83	128.98
Cash & Cash Equivalents as at 31.03.2010 (Closing Balance)	2729.45	1921.83

Note: 1. Figure in brackets represent outflows.

2. "Purchase of Fixed Assets" includes capital work in progress and expenditure during Construction period.

As per our report of even date

For and on behalf of the Board

For **Abraham & Jose**
Chartered Accountants

Sd/-
Sri. K.P. Saxon
(Mg. Director)

Sd/-
Paulson Thengumpallil
Partner
Membership No.: 208694

Sd/-
Sri.K.P.Davis
(Chairman cum WTD)

Thrissur
21-11-2011

Kunnamkulam
21-11-2011

VICTORY PAPER AND BOARDS (INDIA) LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Detail :

Registration No. 8083 State Code: 09
Balance Sheet Date: 31.03.2011

II. Capital Raised during the year (Amount in Rs. '000)

Public Issue	Nil	Right Issue	Nil
Bonus Shares	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	177478	Total Assets	177478
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SOURCES OF FUNDS

Paid up Capital	130629	Reserves & Surplus	Nil
Secured Loans	46849	Unsecured Loans	Nil

APPLICATION OF FUNDS

Net Fixed Assets	96969	Investments	0
Net Current Assets	-86224	Miscellaneous Expenditure	0
Accumulated Losses	167287		

IV. Performance of the Company (Amount in Rs. '000)

Total Income	9611	Total expenditure	31356
Profit (+)/Loss Before Tax	(21745)	Profit(+)/Loss After Tax	(21745)
Earning per Share (in Rs.)	(1.71)	Dividend %	Nil

V. Generic Names of two Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	480210.01
Product Description	Paper
Item Code No. (ITC Code)	480210.02
Product Description	Paperboard

As per our report of even date

For **Abraham & Jose**
Chartered Accountants

Sd/-
Paulson Thengumpallil
Partner
Membership No.: 208694

Thrissur
21-11-2011

For and on behalf of the Board

Sd/-
Sri. K.P. Saxon
(Mg. Director)

Sd/-
Sri.K.P.Davis
(Chairman cum WTD)

Kunnamkulam
21-11-2011

VICTORY PAPER AND BOARDS (INDIA) LIMITED

Regd. Office : P.B. No. 36, 1/281 - G, Victory Press Building, Kunnankulam - 680 503, Kerala, India.

Telephone: 222342, 222434, 225585, 223775. Fax : 04885 - 222494

victorypress@dataone.in

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the venue of the meeting)

Name & Address of the Shareholder:

Ledger Folio No.

I hereby record my Presence at the 17th Annual General Meeting on on 30th December, 2011.

*Strike out whichever is not applicable

Signature of Share holder/Proxy*

CUT HERE



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PROXY

I/We of
in the district ofbeing a member(s) of above named
Company, hereby appointof
in the district of or failing him
of in the district ofas
my / our proxy to vote for me / us on my / our behalf at the 17th Annual General Meeting of the Company to be held
on 30th December, 2011 and at any adjournment thereof.

Signed this day of

Ledger Folio No.

No. of shares held



VICTORY PAPER AND BOARDS (INDIA) LIMITED

**Registered Office: P.B. No. 36, Victory Press Building
Kunnamkulam - 680 503, Kerala, S. India.**