

**VICTORY PAPER AND BOARDS (INDIA) LIMITED**

CIN: L21019KL1994PLC008083

20th Annual General Meeting at 10.00. a.m. on 13<sup>th</sup> February 2015**NOTICE**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of M/s Victory Paper And Boards (India) Ltd will be held on Friday, the 13<sup>th</sup> February 2015 at 10.00 A.M at K.T. Pavunny Memorial Hall, Vyapara Bhavan, Kunnamkulam, Trichur, Kerala - 680503 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2014 and Balance Sheet as on that date along with notes to financial statements and the Reports of the Board of Directors and Auditors' thereon.
2. To appoint C.A.G.V.Sukumar, Chartered Accountants, Thrissur as Auditors of the company to hold office from the conclusion of 20th Annual General Meeting to the conclusion of the 25th Annual General Meeting of the company to be held in the year 2019 (subject to ratification of appointment at every AGM) as per Section 139 (1) of the Companies Act 2013, read with rules made thereunder on such remuneration as may be fixed by the company at the Annual General Meeting or in such manner as may be determined therein.
3. To appoint a Director in place of Mr T.P. Geo (DIN 00083469) who retires by rotation and, being eligible, offers himself for reappointment.

**SPECIAL BUSINESS**

- 4 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 104, 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, read with Schedule V to the Companies Act, 2013, consent of the Company be and is hereby accorded to the appointment of Mr. K.P. Davis. (holding DIN 00083435), as the Chairman cum wholetime Director of the Company for a period of five years with effect from 19<sup>th</sup> October 2014, on a monthly consolidated remuneration of Rs. 12000 and other actual expenses incurred in the performance of his duties".

- 5 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, read with Schedule V to the Companies Act, 2013, consent of the Company be and is hereby accorded to the reappointment of Mr. K.P. Saxon. (holding DIN 00083446), as the Managing Director of the Company for a further period of five years with effect from 19<sup>th</sup> October 2014, on a monthly consolidated remuneration of Rs. 12000 and other actual expenses incurred in the performance of his duties".

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

Kunnamkulam,  
02-01-2015

sd/-  
**K. P DAVIS**  
Chairman

**VICTORY PAPER AND BOARDS (INDIA) LIMITED****Notes:-**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxies in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members are requested to intimate their change of address well in advance and to quote their folio number in all future correspondence made to the company.
4. Members desiring to know about accounts have to intimate it in writing at least 7 days before the date of the Meeting.
5. The register of members will remain closed from 15.01.2015 to 30.01.2015 (both days inclusive).

**VICTORY PAPER AND BOARDS (INDIA) LIMITED****EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102  
OF THE COMPANIES ACT, 2013****Item No.4**

The Board of Directors at their meeting held on 1<sup>st</sup> October 2014, appointed Mr. K.P. Davis as the Chairman and wholetime Director of the Company for a period of five years with effect from 19.10.2014. Mr. K.P. Davis has been Chairman and joint Managing Director of the company for several years and has vast experience in printing and paper Industry. The appointment of Mr. K.P. Davis as Chairman and wholetime Director of the company is appropriate and in the best interest of the Company. The approval of the members is being sought to the terms and conditions of appointment of Mr. K.P. Davis as the Chairman and wholetime Director and the remuneration payable to him.

Mr. K.P Davis is one of the promoters of the company and so he may be deemed to have pecuniary relationship with the Company and its managerial personnel besides his remuneration in the capacity of Chairman and whoetime Director. Further as on date he holds 13,50,800 Equity shares (10.01%) of the Company.

Except the promoters and directors Viz; Mr. K.P Davis and Mr. K.P Saxon and their relatives, none of the Key Managerial personnel of the company or their relatives are interested whether financial or otherwise, in respect of the resolution as set out in the notice.

There is no other information and facts to disclose that may enable members to understand the meaning, scope and implications of the said item of business and to take decision thereon.

The special business vide item (4) to be transacted at the meeting of the company does not relate to and affect any other company/entity.

Copies of the Memorandum and Articles of Association of the company and other relevant records are available at the Registered Office of the company for inspection of the members during business hours between 10 am and 5 pm on all working days, except Sundays and shall also be laid before the meeting.

**VICTORY PAPER AND BOARDS (INDIA) LIMITED****Item No.5**

The Board of Directors at their meeting held on 1<sup>st</sup> October 2014 re-appointed Mr. K.P. Saxon as the Managing Director of the Company for a further period of five years with effect from 19.10.2014. Mr. K.P. Saxon has been Managing Director of the company since incorporation and has vast experience in printing and paper Industry. The appointment of Mr. K.P. Saxon is appropriate and in the best interest of the Company. The approval of the members is being sought to the terms and conditions of appointment of Mr. K.P. Saxon as the Managing Director and the remuneration payable to him.

Mr. K.P Saxon is one of the promoters of the company and so he may be deemed to have pecuniary relationship with the Company and its managerial personnel besides his remuneration in the capacity of Managing Director. Further as on date he holds 6,78,600 Equity shares (5.03%) of the Company.

Except the promoters and directors Viz; Mr. K.P Saxon and Mr. K.P Davis and their relatives, none of the Key Managerial personnel of the company or their relatives are interested whether financial or otherwise, in respect of the resolution as set out in the notice.

There is no other information and facts to disclose that may enable members to understand the meaning, scope and implications of the said item of business and to take decision thereon.

The special business vide item (5) to be transacted at the meeting of the company does not relate to and affect any other company/entity.

Copies of the Memorandum and Articles of Association of the company and other relevant records are available at the Registered Office of the company for inspection of the members during business hours between 10 am and 5 pm on all working days, except Sundays and shall also be laid before the meeting.

Kunnamkulam,  
02-01-2015

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

Sd/-  
K. P DAVIS  
(CHAIRMAN)

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

## DIRECTORS' REPORT TO THE SHARE HOLDERS

Dear Shareholder,

Your Directors hereby presents the 20<sup>th</sup> Annual Report of the Company with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2014.

### 1. OPERATIONAL PERFORMANCE:

The company could not take any production during the year due to labour strike and lock out is still continuing. Compensation to the labourers has already been settled recently. Since the company has closed more than 5 years and the maintenance work has to be carried out and the discussion in this respect is in progress.

### 2. FUTURE PLAN OF ACTION:

The modernization and maintenance work including electrical works has to be completed to take up production. Sufficient time will take to complete the maintenance work.

### 3. FINANCIAL HIGHLIGHTS:

	Year ended 31-3-2014	Year ended 31-3-2013
Income from Operations	10129174	9760080
Other Income	8430	585075
Total Income	10137604	10345155
Less: Cost Of goods sold	37870186	Nil
Operating Expense	652992	929175
Interest	3129387	4722245
Profit/ loss before depreciation and tax	(31514961)	4693735
Less: Depreciation	6977245	6977245
Profit/ (loss) before exceptional and Extraordinary Items and tax	(38492206)	(2283510)
Exceptional Items	Nil	1069080
Less: Income Tax/Deferred Tax	Nil	Nil
Profit/ (loss) after exceptional and Extraordinary Items and tax	(38492206)	(1214430)
Add: Opening balance of Profit & Loss Account	(170509433)	(169295003)
Transferred to Balance Sheet	(209001639)	(170509433)

### 4. STATE OF AFFAIRS:

The company could not achieve any production for the last few years due to lock out. The bank loan facility in term loan has reduced from Rs. 1.53 Crores to Rs 82/- Lakhs. The CCOI has already closed. The Directors have raised the entire amount from other sources.

### 5. GENERAL OUTLOOK

The company has completed modifications of the plant to increase production enable to compete with large paper mills.

### 6. HIGHLIGHT OF THE YEAR

The Company has not taken up production during the year due to Lock Out.

### 7. DIVIDEND

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

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

### 8. DIRECTORS

Directors of the Company are Shri K.P.Davis, Chairman, Shri K.P.Saxon, Managing Director and T.P.Geo, independent Director.

### 9. COST AUDIT

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

### 10. AUDITORS

C A G V SUKUMAR, Chartered Accountant, our retiring auditor, expressed his willingness to be reappointed as Statutory Auditors of the Company for the year 2014-15

### 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 2013-14, except the amount prescribed under Sec.217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provision of section 217(2AA) of the Companies Act 1956, your directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to departures;
- That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the company at the end of the financial year and of the profit or loss of the Company for the period;
- 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;
- That the directors had prepared the annual accounts on going concern basis.

### 14. REPLY TO QUALIFICATION IN AUDITORS REPORT

- The company was under lock out from 30.08.2009 and the factory office was not functioning since then. So fixed assets records were not updated. It will be updated soon after lockout is withdrawn and functioning of the office.
- The company introduces new varieties of paper from time to time in according to market requirements. The factors of production relating to such items are not readily identifiable. Necessary requirements for 2, Inventory Valuation will be complied with, after the lock out is lifted and functioning of the office is resumed.
- The company has sold scrap of Rs 1,01,29,174. during the year. The sale was genuine and effected on a cash as was where basis and the transaction was as per prevailing norms.
- 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 Hon. High Court of Kerala against the order before Supreme Court of India and the final judgement of Hon. Supreme court is awaited. Here amount of Rs 432.46lakhs Paid towards the same is not recognised as an expense instead shown as 'Other receivables' under the Note 10 Other Non-current Assets'.
- The Outstanding of Rs 1,14,12,626.46 . Is a genuine receivable amount and is recoverable once the company starts functioning.
- Provision for gratuity is made as per the Payment of Gratuity Act, 1972. The company will carry out actuarial valuation in future so as to comply with AS-15 on Employee Benefits.
- Internal audit is being conducted by the company's own competent and qualified staff and final report is verified by a qualified Chartered Accountant before sending it to the press.

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

- viii) The Company is facing financial crisis due to lockout. All pending statutory payments of P.F were paid during the year under review other than the disputed liability of P.F. which is stayed by the Hon. High Court of Kerala. There was delay in making Sales Tax and TDS due to lock out which were paid subsequently.
- ix) A) Auditors Report that they have not obtained all the information and explanations necessary for the purpose of their audit. We have given all information required under the Companies Act, 1956 but fixed assets and other records were not up dated because of lock out. What prevented them from obtaining all the information and explanations are not explicitly mentioned. We are therefore, unable to comment on the same.
- B) The Auditors have not reported any discrepancy in the maintenance of books of accounts and compliance of provisions of Companies Act throughout the entire period of their audit, including March 31, 2013. Similar books like in the previous financial year s have also been kept during the year under report.
- x) Cash Credit and Term Loan classified as "Non-performing Accounts" by the bank from 18.10.2011. The company has closed the cash credit account and brought down the term loan account to Rs 82 Lakhs during the year and balance will be paid in couple of month's time. The bank has not taken any action.
- xi) 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 Discussions and Analysis is attached as Annexure 'D'.

## 16. INDUSTRIAL RELATIONS

Overall industrial relations during the year were not good. The company has already signed Memorandum of Understanding with Trade Unions and held various conciliation meetings with the workers. Even though the company could not resolve the issue due to adamant nature of the workers and Trade Unions, the conciliation meeting is still continuing.

## 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. ACKNOWLEDGEMENT

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) LTD.

Sd/-  
(K.P.Davis)  
Chairman

Kunnamkulam  
20-12-2014

# 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 2013-2014  
During the year Plant is in Lock-Out, Company does not consume energy for production process

#### A. Power and Fuel Consumption

##### 1 Electricity:

##### (b) Own generation: Kwh

	STANDARD (IF ANY)	CURRENT YEAR	PREVIOUS YEAR
(i) Through diesel generator			
Unit		Nil	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)			
Total cost		Nil	Nil
Rate/tonne		Nil	Nil
B Consumption per unit of production			
Particulars			
Products:			
Electricity		Nil	Nil
Furnace oil	N.A	N.A	N.A
Coal (Specify quality)	N.A	N.A	N.A
Others - husk		Nil	Nil

### 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 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

## 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 cum Whole Time Director, one Managing Director and one Non-executive director.

During the year under review, 6 Board Meetings were held on April 30, July 30, October 30, November 19, 2013 and January 29, March 25, 2014. 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.P. Saxon	Yes	6	MD	Nil	1	1	2
Sri. K.P. Davis	Yes	6	C & WTD	Nil	1	1	2
Sri. T. P. Geo	Yes	6	NED	Nil	Nil	1	2

C & WTD – Chairman & Whole Time Director MD-Managing Director, NED – Non-Executive 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 cum WTD and Managing Director. The committee met 4 times during the year on April 2 July 10, October 8-2013 and January 16 and the attendance of members at the meetings was as follows-

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 have 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. The committee met four times during the year on June 30, September 28, December 30, 2013 and March 25, 2014 and the attendance of members at the meetings was as follows-

Name of the member	Status	No. of meetings attended
Sri. K.P. Davis	Chairman	4
Sri. K.P. Saxon	Member	4
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 and 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 and one non-executive director. The committee met four times during the year on June 28, September 25, December 31, 2013 and March 31, 2014, 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. 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
2012-2013	27.12.2013	10.00 am	Chamber Tower Kunnampkula
2011-2012	28.12.2012	10.00 am	Chamber Tower Kunnampkula
2010-2011	30.12.2011	10.00 am	Chamber tower Kunnampkula

## VICTORY PAPER AND BOARDS (INDIA) LIMITED

### 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.

### 6. Means of communication

The company has been disclosing corporate financial performance i.e. quarterly, half-yearly and annual audited financial results within 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) 20<sup>th</sup> Annual General Meeting

Venue: K.T. Pavunny Memorial Hall, Vyapara Bhavan, Yesudas Road, Kunnamkulam, Thrissur (Dist), Kerala

Time : 10 am

Date : 13<sup>th</sup> February, 2015

#### (ii) Tentative Financial Calendar.

Results for the quarter ending June 30, 2013	30/07/2013
Results for the quarter ending September 30, 2013	30/10/2013
Results for the quarter ending December 31, 2013	01/03/2014
Results for the year ending March 31, 2014	19/06/2014
Annual General Meeting	13/02/2015

#### (iii) Book Closure

The register of members and share transfer books shall remain closed from 15.01.2015 to 30.01.2015 both days inclusive.

(iv) Dividend payment date: No dividend has been proposed for the year 2013-14

#### (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:

## VICTORY PAPER AND BOARDS (INDIA) LIMITED

S. No.	Name of stock exchange	Stock Code
1	BSE, Phiroze Jeejeebhoy Towers, 25 <sup>th</sup> 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 <sup>th</sup> Floor, M.E.S. Buildings, Judges Avenue, Kaloore, Cochin 682 017	VPB

#### (vi) Demat ISIN Numbers

In NSDL & CDSL for Equity shares : ISIN No. INE962E01015

(vii) Market Price Data : Company's shares were not traded in any stock exchanges during the

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

#### (ix) Registrars and Transfer Agents

For Physical transfers: Secretarial department, M/s Victory Paper and Boards (I) Ltd.,  
Victory press building, Kunnamkulam – 680503, 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 certificate returned within a period of 10 to 15 days from the date of receipt, subject to the document being valid and complete in all respects.

#### (xi) Distribution of Share holding

The distribution of share holding as on 31<sup>st</sup> March, 2014 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

**VICTORY PAPER AND BOARDS (INDIA) LIMITED**

Details of Shareholding as on 31<sup>st</sup> March, 2014 was as under:

Sl.No.	Category	No. of shares held	% Shareholding
1	Promoters	9365700	69.37
2	Financial Institutions,Banks& Mutual Funds	88500	0.66
3	NRIs,Foreign Nationals,OCB&FIIs	23602	0.17
4	Indian Public	2583260	19.14
5	Corporate body	1438938	10.66
	<b>Total</b>	<b>13500000</b>	<b>100.00</b>

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

**(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- 'D' to Directors Report****MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The management of Victory Paper and Boards (India) limited is pleased to present its annual 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 expectations.

**BUSINESS ORGANIZATION:**

The company is dealing only in paper manufacture and sales. The Company is having a plant with an installed capacity of 7500 TPA at Elappully 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 10 % , the market for products in the high-end segment is growing at 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 absorb products at reasonable prices. Frequent power failures cause loss of production due to shut down and restarting of the plant. However the company is hopeful of achieving the targets with better realisation from the high-end segment.

**II. Operational and Financial Performance**

The summarized performance of the company is as under:

	(Rs in crores)	
	2013-2014	2012-2013
Sales	Nil	Nil
Net Profit	(3.85)	(0.12)

**Paper Production**

During the year 2013-14, there was no paper production due to plant lockout

**Paper Sales Volume**

There was no sale of paper during the year 2013-14 and 2012-13.

**Trading Activity:**

During the year the Company sold Scrap Items to the tune of Rs.101.29 lakhs (Previous year Rs.101.29 lakhs)

**III. Material Development in Human Resources / Industrial Relations front including number of employees employed.**

The company was in lock out during the year 2013-14 due to labour strike.

**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

THE MEMBERS OF VICTORY PAPER AND BOARDS (INDIA) LIMITED, KUNNAMKULAM, Thrissur - 680 503

### Report on the Financial Statements

We have audited the accompanying financial statements of the Victory Paper and Boards (India) Ltd. Kunnamkulam, Thrissur 680503 ("the company") as at 31<sup>st</sup> March, 2014 which comprise the Balance sheet as at March 31, 2014 and the statement of Profit & Loss and the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information annexed thereto.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

### Basis for adverse opinion

1. The company is manufacturer of different varieties of paper and has been in lock out from 30-08-2009. The details of inventory valuation are not available with the Company. Also Inventory records in respect of Raw materials, 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.
2. The Company has made scrap sale of Rs.10129174 during the year. The nature and description of items sold as scrap was not available. Hence we are unable to verify the correctness of these transaction.
3. The company has paid electricity charge and interest thereon amounting to RS. 432.46 Lakhs to Kerala State Electricity Board and shown under 'other receivables', which in our opinion should have been charged as a revenue expenditure in the year it was incurred. ( See note no.10 of the notes forming part of accounts)
4. According to our opinion, Trade Receivables of Rs.11412626.46 and Advance for Fixed Assets of Rs. 674923 is long outstanding and is doubtful of recovery.

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

## Adverse Opinion

In Our Opinion and to the best of our information and according to the explanations given to us, and also for the effects of the matter described in the basis for Adverse opinion paragraph and the annexure to the Independent Auditors Report, the financial statements 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:

- a). In the case of the Balance sheet, of the state of affairs of the company as at March 31, 2014.
- b). In the case of the Profit and loss account, of the "Loss" for the year ended on that date.
- c). In case of the cash flow statement, of the cash flows for the year ended on that date.

### Report on other legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2003 and as amended by the companies (Audit Report) (Amendment) Order, 2004("the Order") issued by the government of India in terms of sub-section 4A of section 227 of the Companies Act 1956, we give in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said order.
2. As required by section 227(3) of the Act , 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 purpose of our audit;
  - (b) In our opinion, proper books of accounts as required by law have not been kept by the company far as appears from our examination of those books;
  - (c) The Balance sheet and statement of Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - (d) In our opinion, the Balance sheet and statement of 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 our comments above.
  - (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, None of the Directors is disqualified as on 31<sup>st</sup> March 2014 from being reappointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956.
  - (f) Since the Central Government has not issued any notification as to the rate of which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

Thrissur  
20.12.2014

Sd/-

C A. G V Sukumar, BSc, FCA  
Chartered Accountant  
Membership No:207748

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Referred to in paragraph 1 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 asset 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) In our opinion and according to the information and explanations given to us, there has been no significant disposal of fixed assets 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 stock followed by the Management are reasonable and adequate or 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 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.
- 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), Kerala Value added tax and other material statutory dues applicable to it.

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

- (b) According to the information and explanations given to us, no material undisputed amount 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 31.03.2014, except Kerala value added tax of Rs.506458.7/- (2013-14).
- (c) According to the information and explanations given to us there are no material disputed statutory liabilities pending before any forum except a Provident Fund Liability of Rs. 9.47 Lakhs that have 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 are 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 payment of dues to bank. The company has defaulted in repayment of Term Loan of Rs. 11938260/- account of which it has been classified as Non-Performing Assets by Federal Bank Ltd from 18.10.2011. (see note 3 of notes for part of accounts)
- 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) The company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore the provisions of clause 4(xiv) of the Companies (Auditors Report) order, 2003 are not applicable to the company.
- xiv) 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 investments. 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 provided to us, the company has not issued any debentures during the period covered by our audit.
- 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 has been noticed or reported during the course of our audit.

Sd/-

Thrissur  
20.12.2014

C. A. G V Sukumar, BSc, FCA  
Chartered Accountant  
Membership No:207748

**VICTORY PAPER AND BOARDS (INDIA) LIMITED****BALANCE SHEET AS AT 31ST MARCH 2014**

Particulars	Note No	As at 31st March 2014	As at 31st March 2013
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	1	130,629,000	130,629,000
(b) Reserves and surplus	2	(209,001,639)	(170,509,433)
(c) Money received against share warrants			
(2) Share application money pending allotment			
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	11,938,260	17,012,701
(b) Deferred tax liabilities (Net)			
(c) Other Long term liabilities	4	237,639,741	245,359,040
(d) Long term provisions	5	4,200,530	4,200,530
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	6	387,833	3,696,528
(b) Other current liabilities	7	651,982	564,415
<b>Total</b>		<b>176,445,706</b>	<b>230,952,782</b>
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	75,820,316	82,797,561
(ii) Intangible assets			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments			
(c) Deferred tax assets (net)			
(d) Long term loans and advances	9	6,433,438	6,010,695
(e) Other non-current assets	10	56,071,510	65,989,037
<b>(2) Current Assets</b>			
(a) Current investments			
(b) Inventories	11	38,085,148	75,955,334
(c) Cash and Bank Balances	12	35,294	200,155
<b>Total</b>		<b>176,445,706</b>	<b>2,30,952,782</b>

The accompanying notes 1-26 and cash flow statement are an integral part of the financial statements. This is the balance sheet referred to in our report of even date.

**Directors**  
 1. Sri. K.P. Davis Sd/-  
 (Chairman Cum WTD)  
 2. Sri. K.P. Saxon Sd/-  
 (Mg. Director)  
 3. Sri. T.P. Geo Sd/-  
 (Non-Executive Director)

Kunnamkulam/ 20.12.2014

Sd/-  
 C A. G V Sukumar, BSc, FCA  
 Membership Number:207748  
 Chartered Accountant

Thrissur/20.12.2014

**VICTORY PAPER AND BOARDS (INDIA) LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014**

Particulars	Note No	For the year ended 31st March 2013	For the year ended 31st March 2014
I. Revenue from operations	17	10,129,174	9,760,080
II. Other income	18	8,430	585,075
III. Total revenue (I + II)	18	10,137,604	10,345,155
<b>IV. Expenses:</b>			
Cost of materials consumed			
Purchase of Stock-in-Trade			
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	37,870,186	-
Employee benefit expenses	20	-	-
Finance costs	21	3,129,387	4,722,245
Depreciation and amortization expenses		6,977,245	6,977,245
Other expenses	22	652,992	929,175
Total expenses		48,629,810	12,628,665
V. Profit before exceptional and extraordinary items and tax (III - IV)		(38,492,206)	(2,283,510)
VI. Exceptional items	23	-	1,069,080
VII. Profit before extraordinary items and tax (V - VI)		(38,492,206)	(1,214,430)
VIII Extraordinary items		Nil	Nil
IX. Profit before tax (VII - VIII)		(38,492,206)	(1,214,430)
<b>X. Tax expenses:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit/(Loss) for the period (IX - X)		(38,492,206)	(1,214,430)
<b>XII Loss per equity share of Rs.10/- paid up</b>			
(1) Basic & Diluted (Before Exceptional Items)	21	(2.95)	(0.17)
(1) Basic & Diluted (After Exceptional Items)		(2.95)	(0.09)

The accompanying notes 1-26 and cash flow statement are an integral part of the financial statements.

**Directors**  
 1. Sri. K.P. Davis Sd/-  
 (Chairman Cum WTD)  
 2. Sri. K.P. Saxon Sd/-  
 (Mg. Director)  
 3. Sri. T.P. Geo Sd/-  
 (Non-Executive Director)

Kunnamkulam/ 20.12.2014

Sd/-  
 C A. G V Sukumar, BSc, FCA  
 Membership Number:207748  
 Chartered Accountant

Thrissur/20.12.2014

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

NOTES FORMING PART OF ACCOUNTS

## Note 1

### SHARE CAPITAL

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
<b>a) Authorised</b>	135000000	135000000
13500000 Equity shares of Rs.10/- each (Previous year 13500000 Equity shares of Rs.10/- each)		
<b>Issued, Subscribed</b>	135000000	135000000
13500000 Equity shares of Rs.10/- each (Previous year 13500000 Equity shares of Rs.10/- each)		
<b>Less: Subscribed but not fully paid</b>	0	0
i. By Directors	4371000	4371000
ii. By Others		
<b>Paid Up Capital</b>	128443500	128443500
12844350 Equity shares of Rs.10/- each fully paid (Previous year 12844350 Equity shares of Rs.10/- each fully paid)		
437100 Equity shares of Rs.10/- each Rs.5 paid up (Previous year 437100 Equity shares of Rs.10/- each Rs.5 paid up)	2185500	2185500
	<u>130629000</u>	<u>130629000</u>
<b>b) Rights, Preferences &amp; Restrictions attached to Equity shares.</b>		
The Equity shares of the company having par value of Rs.10/- per share rank pari-pasu in all respects including voting rights, entitlement to dividend and repayment of capital		
<b>c) The reconciliation of number of shares outstanding is set out below:</b>		
<b>Particulars</b>	<b>Rs</b>	<b>Rs</b>
Shares outstanding at the beginning of the year	13500000	13500000
Shares Issued during the year	Nil	Nil
Shares bought back during the year	Nil	Nil
Shares outstanding at the end of the year	<u>13500000</u>	<u>13500000</u>
<b>d) Company has only equity share capital and is not a subsidiary company, and has not issued shares for consideration other than cash, not issued any bonus shares or bought back any shares during the year or immediate preceding four years.</b>		
<b>e) Details of Shareholders holding more than 5% of Shares</b>		
Name of the Shareholder	No. of Shares	% held
Victory Press Private Limited	4751000	35.19
K P Saxon	678600	5.03
K P Davis	1350800	10.01

## Note 2

### Reserves & Surplus

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
Surplus		
Opening balance	(170,509,432.67)	(169,295,002.68)
Add: Net Profit/(Loss) for the year	(38,492,206.42)	(1,214,429.99)
Add: Transfer from Reserves	(209,001,639.09)	(170,509,432.67)
Less: Transfer to General Reserve	-	-
Less: Transfer to Special Reserve	(209,001,639.09)	(170,509,432.67)
Closing balance	<u>(209,001,639.09)</u>	<u>(170,509,432.67)</u>

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

## FIXED ASSETS As on 31-03-2014

Particulars	GROSS BLOCK		DEPRECIATION BLOCK		NET BLOCK			
	As on 01.04.2013	Addition/ (Deletion)	As on 31.03.2014	up to 01.04.2013	For the Year	up to 31.03.2014	As on 31.03.2014	As on 31.03.2013
Land	7,129,355.00	-	7,129,355.00	-	-	-	7,129,355.00	7,129,355.00
Borewell	235,519.00	-	235,519.00	35,884.00	3,839.00	39,723.00	195,796.00	199,635.00
Roads	4,544,376.00	-	4,544,376.00	1,065,034.00	74,073.00	1,139,107.00	3,405,269.00	3,479,342.00
Factory Building	26,184,827.00	-	26,184,827.00	9,952,808.00	874,573.00	10,827,381.00	15,357,446.00	16,232,019.00
Other Building	17,874,826.00	-	17,874,826.00	3,604,639.00	291,360.00	3,895,999.00	13,978,827.00	14,270,187.00
Plant And Machinery	94,778,725.00	-	94,778,725.00	56,737,066.00	5,019,508.00	61,756,574.00	33,022,151.00	38,041,659.00
Furniture & Electrical Fittings	12,903,434.00	-	12,903,434.00	9,583,119.00	687,387.00	10,270,506.00	2,632,928.00	3,320,315.00
Office Equipments	286,850.00	-	286,850.00	230,143.00	13,625.00	243,768.00	43,082.00	56,707.00
Other Equipments	271,150.00	-	271,150.00	202,810.00	12,880.00	215,690.00	55,460.00	68,340.00
Computer	375,235.00	-	375,235.00	375,234.00	-	375,234.00	1.00	1.00
Motor Vehicle	2,380,777.00	-	2,380,777.00	2,380,776.00	-	2,380,776.00	1.00	1.00
Total	166,965,074.00	-	166,965,074.00	84,167,513.00	6,977,245.00	91,144,758.00	75,820,316.00	82,797,561.00

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
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**Note 3****Long-term borrowings**

## a) Term Loans - Secured

From Banks

11,938,260.00	17,012,701.00
<u>11,938,260.00</u>	<u>17,012,701.00</u>

1) Term Loan of Rs.11938260/- (Previous year Rs.17012701/-) is secured by equitable mortgage of building and charge on machinery and other fixed assets. Collateral Security is provided by way of equitable mortgage of 52.87 acres of land and factory building. It is further secured by personal guarantees of Directors, K P Davis and K.P. Saxon

2) Term Loan is from Federal Bank and carries an Interest rate of 13%. Loan amount is repayable in 72 equal instalments of Rs.321666/-. Due to lockout the company is not able to meet its financial obligations, hence the account has been classified as Non-performing Asset by the bank from 18.10.2011. The default in repayment of loan is Rs.1,19,38,260/- (Previous Year Rs.1,70,12,701/-), which consist of Rs.1,19,38,260/- (Previous Year Rs.1,42,38,260/- towards principal and Interest Nil (Previous Year Rs.27,74,441/-).

**Note 4****Other Long-term Liabilities**

## A. Trade Payables

a) Due to Micro, small and medium enterprises

33,303,708.13 33,781,649.45

b) Others

700,000.00 700,000.00

B) Security Deposits

8,793,680.95 8,859,830.95

C) Expenses Payable

3,817,629.88 3,329,625.88

D) Statutory Dues Payable

191,024,722.20 198,687,933.59

E) Advance from Customers

237,639,741.16 245,359,039.87

1) There are no Micro, Small and Medium Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2014. 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.

2) Trade payables are subject to confirmation and reconciliation

3) The company has received a demand of Rs. 3329625 from Kerala Commercial Taxes Department on account of disputed sales tax collected by the company. The company has disputed the demand in the Hon'ble High Court of Kerala and a favourable order has been received on 02.03.2012. We are awaiting for a favourable decision from Director of Industries and Commerce. This liability has been included in 'Statutory Dues payable'.

4) Advance From Customers are mainly from Group concerns of Victory Paper and Boards (India) Ltd.

**Note 5****Long Term Provisions**

Provision for Employee Benefits

4,200,530.00	4,200,530.00
<u>4,200,530.00</u>	<u>4,200,530.00</u>

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

	As at March 31st, 2014 Rs.	As at March 31st, 2013 Rs.
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**Note 6****Short-term borrowings**

a) Cash Credit

From Banks

387,832.55	3,696,528.55
<u>387,832.55</u>	<u>3,696,528.55</u>

**Note 7****Other Current Liabilities**

a) Expenses Payable

136,641.00 76,411.00

b) Statutory Dues Payable

515,340.70 488,004.00

651,981.70 564,415.00

1) Statutory Dues Payable Rs 506458.7 relating to 5% Scrap Sales for the year 2013-14

**Note 8****Fixed Assets**

Tangible Assets (Separately Attached)

75,820,316.00 82,797,561.00

75,820,316.00 82,797,561.00

Fixed Assets are stated at cost less accumulated depreciation.

**Note 9****Long Term Loans & Advances**

Unsecured:

Security Deposits

6,433,438.11 6,010,695.00

6,433,438.11 6,010,695.00**Note 10**

a) Trade Receivables:

Debtors (unsecured and considered good)

- Outstanding for a period exceeding six months

11,412,626.46 21,330,153.00

- Others

-

b) TDS Receivable

23,274.00 23,274.00

c) Advance for Fixed Assets

674,923.00 674,923.00

d) Other receivables

43,960,687.00 43,960,687.00

56,071,510.46 65,989,037.00

1) Debtors are subject to confirmation & Reconciliation

2) The Company has paid Rs.43246187 to Kerala State Electricity Board towards disputed electricity charges after the dismissal of the Company's petition by the Hon. High court of Kerala against charging of disputed tariff by the Electricity board. The company has disputed the matter and filed an appeal before Hon. Supreme Court of India. Our appeal was dismissed. However we have again filed a review petition before the Hon.

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

Supreme Court of India and is expecting a favourable decision in the matter on the basis of favourable judicial decisions. Hence the amount of Rs.43246187 is shown under 'Other receivables'.

	As at March 31st, 2014 Rs.	As at March 31st, 2013 Rs.
<b>Note 11</b>		
<b>Inventories</b>		
Raw Materials		6,272,949.00
Work-in-progress		61,417,338.00
Finished Goods	-	52,452.00
Consumables, Stores and Spares	-	8,212,595.00
Damaged Stock(Scrap)	38,085,148.00	0
	<u>38,085,148.00</u>	<u>75,955,334.00</u>

The Company has been a Lock Out as on 30-08-2009 due to this prolonged lock out, Inventory has become Scrap and has been valued as such

## Note 12

### Cash and Bank balances

<b>a) Cash and Cash Equivalents</b>		
Cash on hand	2,878.45	167,227.00
With Scheduled Banks	32,415.30	32,927.80
	<u>35,293.75</u>	<u>200,154.80</u>

## Note 13

### Contingent Liabilities and Commitments

<b>1) Contingent Liabilities</b>		
a) Claims against company not acknowledged as debt	Nil	Nil
b) Guarantees	Nil	Nil
c) Other money for which the company is contingently liable	Nil	Nil
<b>2) Commitments</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil
b) Uncalled liability on shares and other investments partly paid	Nil	Nil
c) Other Commitments	Nil	Nil

## Note 14

### Revenue from operations

<b>a) Sale of products</b>		
- Paper sales		
b) Other operating revenues		
- Scrap Sales	10,129,174.00	9,760,080.00
	<u>10,129,174.00</u>	<u>9,760,080.00</u>

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

	As at March 31st, 2014 Rs.	As at March 31st, 2013 Rs.
<b>Note 15</b>		
<b>Other Income</b>		
Interest	-	43,185.00
Agricultural Income	-	500,000.00
Sundry Balance W/O	-	41,890.00
Income Tax Refund	8,430.00	-
	<u>8,430.00</u>	<u>585,075.00</u>

## Note 16

### Changes in inventories of finished goods, work-in-progress, stock-in-trade, consumables and materials

<b>Opening Stock</b>		
a) Finished Goods	52,452.00	52,452.00
b) Work-in-progress	61,417,338.00	61,417,338.00
c) Raw Materials	6,272,949.00	6,272,949.00
d) Consumables, Stores and Spares	8,212,595.00	8,212,595.00
	<u>75,955,334.00</u>	<u>75,955,334.00</u>
<b>Less: Closing Stock</b>		
a) Finished Goods		52,452.00
b) Work-in-progress		61,417,338.00
c) Raw materials	-	6,272,949.00
d) Consumables, Stores and Spares	-	8,212,595.00
e) Damaged Stock (Scrap)	38,085,148.00	0
	<u>38,085,148.00</u>	<u>75,955,334.00</u>
	<u>37,870,186.00</u>	<u>-</u>

## Note 17

### Employee Benefit Expenses

#### Salary & Allowances

## Note 18

### Finance costs

#### Interest

	3,129,387.15	4,722,245.00
	<u>3,129,387.15</u>	<u>4,722,245.00</u>

## Note 8

### Depreciation and Amortization Expenses

#### Depreciation of Fixed Assets

	6,977,245.00	6,977,245.00
	<u>6,977,245.00</u>	<u>6,977,245.00</u>

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

As at	As at	
	March 31st, 2014 Rs.	March 31st, 2013 Rs.
<b>Note 19</b>		
<b>Other Expenses</b>		
Electricity Charges	42,723.00	88,704.00
Advertisement	99,259.00	151,998.00
Printing & Stationery	6,930.00	75.00
Legal Expenses	1,400.00	22,600.00
Security Service Charges	344,936.00	170,000.00
Annual Custody Fee	-	37,079.00
Telephone & Postage	20,276.00	14,612.00
Travelling expenses	-	175.00
Rates, taxes & licence fee	17,750.00	1,900.00
Bank charges	19,988.50	27,754.00
Professional Charges	38,204.00	26,011.00
Remuneration to Auditor	56,000.00	56,000.00
Insurance	-	500.00
VAT Registration Fee	1,650.00	-
Compounding Charges	-	320,000.00
Subscription Fee	275.00	-
TDS Paid	-	4,319.00
Miscellaneous	3,600.77	7,448.00
<b>Total</b>	<b>652,992.27</b>	<b>929,175.00</b>
<b>Note 20</b>		
<b>Exceptional Items</b>		
Excess provision written back	-	1,069,080.00
	-	1,069,080.00
<b>Note 21</b>		
<b>Loss per Share</b>		
<b>a) Basic &amp; Diluted (Before Exceptional Items)</b>		
Net Profit/(Loss) for the year before exceptional item attributable to Equity shareholders	(38,492,206.42)	(2,283,509.99)
Weighted Average Number of Equity Shares in calculating EPS	13,062,900.00	13,062,900.00
Basic&Diluted Loss Per Share before Exceptional Items	(2.95)	(0.09)

# VICTORY PAPER AND BOARDS (INDIA) LIMITED

	As at	
	March 31st, 2014 Rs.	March 31st, 2013 Rs.
<b>a) Basic &amp; Diluted (After Exceptional Items)</b>		
Net Profit/(Loss) for the year after exceptional item attributable to Equity shareholders	(38,492,206.42)	(1,214,429.99)
Weighted Average Number of Equity Shares in calculating EPS	(13,062,900.00)	(13,062,900.00)
Basic&Diluted Loss Per Share after Exceptional Items	(2.95)	(0.09)
<b>Note 22</b>		
<b>Related party Disclosures</b>		
<b>1) Name of related party and relationship</b>		
Key Management Personal		
K P Davis	- Whole Time Director	
K P Saxon	- Whole Time Director	
T P Geo	- Non-executive Director	
Relatives of Key management personal and enterprise where transactions have taken place		
Victory Computer Forms		
Victory Paper Converters		
Victory Press Private Limited		
Hotel Victory International Prop's P Davis		
Victory Inn Prop's P Saxon		
<b>2) Remuneration Paid</b>		
The board of directors have decided not to draw any remuneration for the year 2013-2014		
<b>3) Sitting Fees Paid</b>		
K P Davis	- Whole Time Director	Nil
K P Saxon	- Whole Time Director	Nil
T P Geo	- Non-executive Director	Nil
K T Pavunny	- Whole Time Director	Nil
Moncy P Abraham	- Small Shareholders Director	Nil
<b>4) Rent paid</b>		
Victory Press Private Limited		Nil
<b>5) Outstanding Balance in Trade Payables</b>		
Victory Computer Forms	56,820,901.99	56,688,814.00
Victory Paper Converters	4,208,320.00	4,143,320.00

**VICTORY PAPER AND BOARDS (INDIA) LIMITED**

Victory Press Private Limited  
Victory Inn (Prop's P Saxon)

129,915,500.21 137,370,830.21  
280,000.00 Nil

**Note 23****Segment Reporting**

The company has only one business segment i.e. paper manufacturing and sales. Hence there is no reportable segments as per Accounting Standard-17 on 'Segment Reporting'.

**Note 24****Deferred Tax**

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'.

**Note 25****Other Notes**

- 1) The company has not made any import of Raw material, Components and spares and Capital Goods during the year.
- 2) The company has not incurred any expenditure in foreign currency during the year.
- 3) The company has not paid any dividend in foreign currencies during the year to Non-resident shareholders.

**Note 26****SIGNIFICANT 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 cervat less accumulated depreciation and impairment loss, if any.

**3. Depreciation**

Depreciation on fixed assets has 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. The company has been in Lock out from 31-08-2009; hence inventory had turned to scrap.

**6. Foreign currency transactions**

The expenditure on account of imports has been accounted at the rate prevailing on the date of transaction. The creditor 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****VICTORY PAPER AND BOARDS (INDIA) LIMITED**

Deferred tax assets/liabilities are recognized and carried forward only when there is virtual certain realization in accordance with accounting standard 22 on Accounting for taxes on income issued by 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.

**9. Previous Year Comparison**

The Previous year figures have been regrouped and rearranged wherever considered necessary. Wherever considered necessary to confirm to current year's classifications.

As per our report of even date  
For and on behalf of the Board

1. Sri. K.P. Davis Sd/-  
(Chairman Cum WTD)  
2. Sri. K.P. Saxon Sd/-  
(Mg. Director)  
3. Sri. T.P. Geo Sd/-  
(Non-Executive Director)

Sd/-  
C. A. G. V. Sukumar, BSc, FCA  
Membership Number: 207748  
Chartered Accountant

Kunnamkulam/ 20.12.2014

Thrissur/20.12.2014

**VICTORY PAPER AND BOARDS (INDIA) LIMITED**

**VICTORY PAPER AND BOARDS (INDIA) LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

	2013-14	2012-13
<b>A. Cash flow from Operating Activities</b>		
Net profit before tax and extraordinary items	(38492206)	(1214430)
<b>Adjustment for:</b>		
Depreciation	6977245	6977245
Interest paid	3129387	4722245
Interest received	0	(43185)
Remission of Trading Liability	0	0
<b>Operating profit before working capital changes</b>	<b>(28385574)</b>	<b>10441875</b>
Adjustments for changes in working capital -		
(Increase)/Decrease in Inventories	37870186	0
(Increase)/Decrease in Trade & Other Receivables	0	(7000607)
(Increase)/Decrease in Other current assets	9917526	6708892
Increase/(Decrease) in Trade Payables	0	22858571
Increase/(Decrease) in Long Term Liabilities	(7719299)	0
Increase/(Decrease) in Other Current Liabilities	87567	(12413441)
Increase/(Decrease) in Long term provisions	0	(1069080.00)
<b>Cash generated from operating activities</b>	<b>11770406</b>	<b>19526210</b>
Direct Taxes	0	0
<b>Net cash from Operating Activities (A)</b>	<b>11770406</b>	<b>19526210</b>
<b>B. Cash flow from investing Activities:</b>		
Purchase of Fixed Assets	0	0
Increase in Security Deposit	(422743)	0
Interest Received	0	43185
Sale of Fixed Assets	0	0
<b>Net cash used in investing Activities (B)</b>	<b>(422743)</b>	<b>43185</b>
<b>C. Cash flow from Financing Activities:</b>		
Repayment of Term Loans	(5074441)	2774441
Repayment of Short-Term borrowings	(3308696)	(18437576)
Finance Cost	(3129387)	(4722245)
<b>Net Cash from Financing Activities (C)</b>	<b>(11512524)</b>	<b>(20385380)</b>
<b>Net Increase/Decrease in Cash &amp; CashEquivalents (A+B+C)</b>	<b>(164861)</b>	<b>(815985)</b>
Cash & Cash Equivalents as at 01.04.2013 (Opening Balance)	200155	1016140
Cash & Cash Equivalents as at 31.03.2014 (Closing Balance)	35294	200155

Note: 1. Figure in brackets represent outflows.

2. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure

for and on behalf of the Board

1. Sri. K.P. Davis           Sd/-  
 (Chairman Cum WTD)  
 2. Sri. K.P. Saxon        Sd/-  
 (Mg. Director)  
 3. Sri. T.P. Geo            Sd/-  
 (Non-Executive Director)

Kunnamkulam/ 20.12.2014

As per our report of every date  
 C A. G V Sukumar, BSc, FCA  
 Membership Number:207748  
 Chartered Accountant

Thrissur/20.12.2014

**VICTORY PAPER AND BOARDS (INDIA) LIMITED**

Regd. Office : P.B. No. 36, 1/281 - G, Victory Press Building, Kunnamkulam - 680 503, Kerala, India.  
 Telephone: 222342, 222434, 225585, 223775. Fax : 04885 - 222494  
 E-mail: 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 20th Annual General Meeting on 13<sup>th</sup> February 2015

\*Strike out whichever is not applicable

Signature of Share holder/Pr

CUT HERE

**VICTORY PAPER AND BOARDS (INDIA) LIMITED**

Regd. Office : P.B. No. 36, 1/281 - G, Victory Press Building, Kunnamkulam - 680 503, Kerala, India.  
 Telephone: 222342, 222434, 225585, 223775. Fax : 04885 - 222494  
 E-mail: victorypress@dataone.in

**PROXY**

I/We ..... of .....

in the district of ..... being a member(s) of above na

Company, hereby appoint ..... of .....

in the district of ..... or failing him .....

of ..... in the district of .....

as my / our proxy to vote for me / us on my / our behalf at the 20th Annual General Meeting of the Comp

to be held on 13<sup>th</sup> February 2015 and at any adjournment thereof.

Signed this ..... day of .....

Ledger Folio No.

No. of shares held

**AUDIT REPORT - 2013 – 2014, Annexure I to Form B**

	Qualification	Management Response
✓ 1	The company is manufacturer of different varieties of paper and has been in lock out from 30.08.2009. The details of inventory valuation are not available with the company. Also inventory records in respect of raw material, finished goods, consumable, stores and spares and semi finished goods were not made available for our verification. Hence we are unable to verify compliance of accounting standard – to valuation of inventories.	The company introduced new varieties of paper from time to time. The factors of production relating to such items are not readily identifiable. The necessary inventory valuation will be complied with when the lock out is lifted and the office starts functioning.
✓ 2	The company has made scrap sale of rupees 10129174 during the year. The nature and description of items sold as scrap was not available. Hence we are unable to verify the correctness of these transaction.	The scrap sale was genuine transaction in the ordinary course of business as per prevailing norms
✓ 3	The company has paid electricity charge and interest thereon amounting to Rs.432.46 lakhs to KSEB and shown under “other receivables”, which in our opinion should have been charged as a revenue expenditure in the year it was incurred.	The amount paid to KSEB towards disputed charges after the dismissal of the company’s petition of High Court of Kerala subject to the final judgment of the Supreme Court which is awaited. Therefore it was not recognized as a revenue expenditure.
✓ 4	Accounting to our opinion, trade receivable of Rs.11412626.46 and advance for fixed asset of Rs.674923 is loan outstanding and is doubtful of recovery.	The outstanding of Rs. 11412626.46. Is a genuine receivable amount and is recoverable on the company starts functioning.
✓ 5	We have not obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.	The Auditors report that they have not obtained all the information and explanation necessary for the purpose of their audit. We have given all the information required under the Company’s Act, 1956. But fixed assets and other records were not updated because of lockout. What prevented them from obtaining all the information and explanation are not explicitly mentioned. We are therefore, unable to comment on the same. The auditors have not reported any discrepancy in the maintenance of books of accounts and compliances of provisions of Companies Act, through out the entire period of their audit including March 31, 2013. Similar books like in the previous financial years have been kept during the year under report.

	company as far as appears from our examination of those books.	and records will be updated and kept properly on lifting of the lock out.
7	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 un-updated fixed assets register and due to non availability of records of physical verification we are unable to ascertain the appropriateness of the same.	The company was under lock out 30.08.2009 and the office is not functional. So the fixed assets records were not updated. It will be updated as soon as the lock out is withdrawn.
8	In the absence of documentary evidence we are unable to ascertain whether the procedure of physical verification of stock followed by the management are responsible and adequate or in relation to the size of the company and the nature of its business	The company was under lock out 30.08.2009 and the office is not functional. The books and records will be updated and kept properly on lifting of the lock out.
9	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 weakness in internal controls in respect of inventory and fixed assets	The company was under lock out 30.08.2009 and the office is not functional. A formal internal control procedure will be implementing on lifting of the lockout.
10	No internal audit system was prevailing in the company for the period under audit.	The internal audit is being conducted by the Company's own competent and qualified staffs and verified by the Chartered Accountant.
11	The central Government as prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of manufacturing activities of the companies. 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.	The company was under lock out 30.08.2009 and the office is not functional. The books and records will be updated and kept properly on lifting of the lock out.
12	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), Kerala Value Added tax and other	The company is facing financial crisis due to lock out. All pending statutory payments of PF, are paid during the year other than the disputed liability of PF which is stayed by the High Court. The delay in making sale Tax and TDS dues is because of the lock out.

	material statutory dues applicable to it.	
1 3	The accumulated losses of the company as at the end of the current financial year are 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.	The company was under lock out 30.08.2009 and the office is not functional.
1 4	In our opinion and according to the information and explanations given to us, the company is not regular payment of dues to bank. The company has defaulted in repayment of term loan Rs.11938260.00 <sup>has</sup> being classified as nonperforming assets by Federal Bank Ltd. from 18.10.2011.	The cash credit and term loan classified as non performing accounts by the bank from 18.10. 2011. The company has closed the Cash Credit account and brought down the term loan account to Rs. 82 lakhs during the year and balance will be paid in couple of months time. The bank has not taken any action
1 5	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 evidence were not made available for our verification.	The company was under lock out 30.08.2009 and the office is not functional. The documents and records will be updated and kept properly on lifting of the lock out.
1 6	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.	The company was under lock out 30.08.2009 and the office is not functional. The documents and records will be updated and kept properly on lifting of the lock out.
1 7	In our opinion 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.	The company was under lock out 30.08.2009 and the office is not functional. The documents and records will be updated and kept properly on lifting of the lock out.

FORM B

Covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	VICTORY PAPER AND BOARDS (INDIA) LIMITED
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit qualification	Qualifications/observations
4	Frequency of qualification	Repetitive since 2012
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	As per annexure-I
6	Additional comments from the board/audit committee chair:	The basic reason is the prolonged lock-out of operations of the company resulting in severe financial crunch and non-functioning of normal office. The company is continuously exploring various avenues to solve/rectify the problems at the earliest.
7	signed by-  · CEO/Managing Director    · Auditor of the company    · Audit Committee Chairman	<p>For Victory Paper &amp; Boards (I) Ltd.</p>  Managing Director   <b>G.V. SUKUMAR. B.Sc., F.C.A.</b> <b>Chartered Accountant</b> <b>Membership No: 207748</b>  