



Sree Sakthi Paper Mills Limited

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**Sixteenth Annual Report
2006-2007**

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BOARD OF DIRECTORS

Mr.S.Sivathanu Pillai (Chairman)
 Mr.S.Rajkumar (Vice Chairman & Managing Director)
 Mr.S.Giridhar
 Mr.A.S.Unni
 Mr.N.Ravindranathan
 Mr.S.Subramoniam
 Mrs.E.Kamalam
 Mr.U.Gururaja Bhat
 Mr.Deveshwer Kumar Kapila
 Dr.A.R.K.Rao

COMPANY SECRETARY

Mr.Binu Alex.V

AUDITORS

M/s.Balan & Co.
 Ernakulam , Cochin - 11

BANKERS

Federal Bank Limited
 Industrial Development Bank of India

REGISTERED OFFICE

57/2993, "Sree Kailas"
 Paliyam Road, Ernakulam, Cochin -16 , Kerala
 Tel : 0484 -2373230,2382182
 Fax : 0484- 2370395
 Email : sspapermills@vsnl.net
 Web : www.sreekailas.com

FACTORIES

Kraft Paper Unit 1 and 2

Industrial Development Area
 Muppathadom, Edayar, Aluva - 683 102
 Tel : 0484 -2540622, 2555451

Duplex Board Unit

Kanjirapilly, Pariyaram, Chalakudy, Thrissur - 680 721 ♦
 Tel : 0480 – 2746129



NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Members of Sree Sakthi Paper Mills Limited will be held on Thursday, 27th September 2007 at 4.00 P.M at Hotel Abad Plaza, M.G.Road, Ernakulam, Cochin- 35, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2007, and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr.S.Giridhar, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mrs.E.Kamalam, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers herself for reappointment.
5. To appoint a Director in place of Mr.U.Gururaja Bhat, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and in this connection, to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that M/s. Balan & Co. Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board exclusive of travel and other out of pocket expenses that may be incurred by them in conducting the audit.

SPECIAL BUSINESS

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

"Resolved that consent of the company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the mortgaging and / or charging or in any manner disposing, by the Board of Directors of the Company of all the immovable and movable properties of the Company, present and future, situated at the Company's

manufacturing plants at Edayar and Chalakudy in favour of any bank(s) / Financial Institutions or person or persons respectively for securing loans already obtained and/ or loans that may also be obtained in future from any Banks / Financial Institutions or person or persons together with interest, costs, charges, expenses and other monies and the board of directors of the company be and hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution."

8. To consider and, if thought fit to pass with or without modifications, the following as a Special Resolution:

"Resolved that consent of the company be and is hereby accorded in terms of section 61 and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to utilize Rs.700 lacs raised for setting up of 2 MW Cogeneration power plant and kept in fixed deposits with Federal Bank limited, the part of issue proceeds raised vide prospectus dated 14.12.2005 issued by the Company, to purchase and install various balancing equipment to improve the productivity and value addition to the product and /or for the working capital required by the company and the board of directors of the company be and hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution."

By Order of the Board
For Sree Sakthi Paper Mills Limited

Sd/-

Binu Alex.V

(Company Secretary)

Place : Cochin -16

Date : 31.08.2007

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 concerning special business is annexed hereto
4. For appointment of Directors, disclosure, as required under Clause 49 of the Listing Agreement is annexed hereto.



5. Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21st September 2007 to Thursday 27th September 2007 (both days inclusive).
6. The dividend when declared will be payable to those members of the Company whose names appear on the Register of Members of the Company on 27th September 2007. In respect of the shares held in dematerialized form, the dividend will be paid on the basis of the beneficial ownership as per details to be furnished for this purpose by the Depositories.
7. For payment of dividend through ECS, (a) Members holding shares in physical form are advised to submit particulars of their bank account viz, Name and address of the branch of the Bank, 9 digit MICR Code of the Branch, type of account and account number latest by 20th September 2007 to the Company's Registrar and Share Transfer Agents and (b) Members holding shares in demat are advised to inform their particulars to their respective Depository Participants.
8. There are no unclaimed/unpaid dividend requiring to be transferred to the Investor Education & Protection Fund of the Central Government.
9. As per the directions of SEBI, Company has appointed M/s. Bigshare Services Private Limited, as Registrar and Share Transfer Agents of the Company for carrying out both physical and electronic share transfers. All the Members are requested to forward their share transfers deed(s) and other communications directly to them in the following address:

M/s. Bigshare Services Private Limited, E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai-400 072, Tel. 022-28470652, Fax. 022-28475207".
10. Members holding shares in physical form are requested to notify, promptly, any change in their address, to the Registrar and Share Transfer Agents of the Company, M/s Bigshare Services Private Limited, Mumbai, quoting their Membership Number, besides changes, if any, in the Dividend Mandates given by them and those holding shares in Electronic Form, may communicate the above information to their respective Depository Participants.
11. The amended provisions of the Companies Act, 1956, provide for Nomination facility to Members. Members are requested to write to the Registrar and Share Transfer Agents of the Company, M/s Bigshare Services Private Limited, Mumbai, for more information, if any needed, on Nomination facility and / or to get a copy of Nomination Form
12. Members attending the meeting are requested to bring the attendance slip as well as their copy of the Annual Report. Members holding shares in DEMAT form are requested to incorporate the DP ID Number and Client ID Number in the Attendance Slip / Proxy Form, for easy identification of attendance at the meeting
13. Members desirous of obtaining any information concerning accounts of the Company are requested to address their questions to the Company, so as to reach at least 7 days before the date of the meeting, to enable the information required to be made available at the meeting.
14. The Company is having agreements with NSDL & CDSL and Bigshare Services Private Limited (for connectivity with NSDL & CDSL) to enable the shareholders to have the option of holding and dealing in the shares of the Company in electronic form. The ISIN of the equity shares of the Company is INE266H01014.

Members who are holding shares in physical segment are requested to dematerialize the same considering the advantages in eliminating several problems involved in the scrip based systems viz., bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, long settlement cycles, mutilation of share certificates etc.
15. At this Annual General Meeting Mr. S.Giridhar, Mrs.E.Kamalam and Mr.U.Gururaja Bhat, retire by rotation, and being eligible, offer themselves for reappointment.

Brief notes on the background and the functional expertise of the directors proposed for reappointment are furnished below, along with the Companies in which they are Directors and the status of the other Board Committees of which they are members:
 - i. Mr.S.Giridhar, aged 43 years, is associated with the Company as director since inception. Before joining the company, he was engaged in the business of manufacturing boxes under the name Corrugated Box Manufacturing Company. He is also a director of M/s. Sree Kailas Leasing and Commercial Carriers Limited and Sree Sakthi Constructions and Infrastructure (P) Limited. He is a member of Finance Committee and Share Issue Committee of the Company.
 - ii. Mrs.E.Kamalam aged 73 years was in cement business for the last 13 years. She is associated with the company since 1995. She is also a director of M/s Sree Sakthi Ganapathy Packagings (P) Limited. She is not a member of any other Board committee of the company.



- iii. Mr.U.Gururaja Bhat, aged 69 years is a graduate in Science and Mathematics, also holds a degree in Mechanical Engineering. He was overall 40 years of experience in the Pulp & Paper and Sugar industries, in an operating mill and in consulting engineering. He was over 15 years experience in managing large scale projects involving co ordination of all phases of engineering, procurement, construction, start up and commissioning activities of pulp & paper mills in India. He was also instrumental in mill operations and start up and all facets of engineering from pre feasibility studies to deal engineering, technical audits and mill development studies. His main areas of specialization are engineering activities including stage inspection, overall co-ordination of construction and erection activities. He is also a director of M/s. SPB projects and consultancy Limited and M/s. Emami Paper Mills Limited. He is a member of Project Investment Committee of the Company.

Explanatory statement as required under Section 173(2) of the Companies Act, 1956. and details as required under Listing Agreement

Item No. 7

The company has availed a term loan of Rs. 1195 lacs from Industrial Development Bank of India Limited for setting of third unit at Edayar for manufacturing of kraft paper and also availed working capital facilities of Rs.100 lacs from Industrial Development Bank of India Limited for company's requirements on the condition of creating mortgage of all immovable properties of the company present and future respectively by way of first charge in respect of Term Loans and second charge in respect of Working Capital facilities on parri passu basis with other banks who had earlier extended financial assistance by way of term loans and working capital facilities.

Further it will also necessitate for the company in future to borrow additional funds from other bank(s)/ financial institution(s) or any person or persons by way of Term Loans/ working capital facilities on the above terms and conditions.

Since the mortgaging by the company of its immovable and movable properties as aforesaid in favour of bank(s), financial institution may be regarded as disposal of the company's properties / undertakings, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956.

The Board recommends the resolution for approval. None of the directors is interested or concerned in this resolution.

Item No. 8

The company has raised Rs.2500.89 lacs by way of issue of Equity shares to the public vide the prospectus dated 14.12.2005 for expansion of Kraft paper unit and for setting up of a 2 MW Cogeneration Power Plant at an estimated cost of Rs.700 lacs.

Since the issue of prospectus there was sharp decline in the availability of raw material required for Co-generation plant and steep increase in its price. This has adversely affected viability of the proposed cogeneration plant. Before embarking on establishing the Co generation project, the management considered it prudent to get the original project report and viability reviewed by experts. Accordingly it had obtained review of the earlier report from SBI Capital Market Limited. The report from SBI Capital Market Limited has confirmed the apprehensions of the management and has confirmed the position that a cogeneration plant may not be viable under the existing circumstances. Thus your Board is of the considered opinion that it may not be advisable to implement the cogeneration plant.

Meanwhile the company has been exploring various better alternatives for utilization of the sum of Rs.700 lacs raised above. The increased production of paper has necessitated substantial increase in working capital requirements. To get optimum financial leverage it will be prudent to bring in Rs.500 lacs of own funds for working capital. This will also help in keeping the margin requirements of bank at desired levels. It will also substantially reduce interest cost and help in easing the liquidity position of the company. Balance amount of Rs.200 lacs is proposed to be utilized for acquiring various balancing equipment for paper production. This will substantially help in upgrading the product quality and make it suitable for a high end market. In turn it will help in improving the price realization and thereby improve the bottom line of the company. Under the circumstances your Board feels that it will be the best option under the existing circumstances to utilize the sum of Rs.700 lacs.

Section 61 of the Companies Act, 1956, requires shareholders' consent for varying the terms and conditions of the documents / contracts specified in the prospectus issued by the Company.

Copy of the appraisal report prepared by the M/s.SBI Capital Markets Limited is available for inspection at the Registered Office of the Company between 11.00 a.m and 1.00 p.m on any working day.

The Board recommends the resolution for approval. None of the director is interested or concerned in this resolution.

By Order of the Board
For Sree Sakthi Paper Mills Limited

Sd/-

Binu Alex.V
(Company Secretary)

Place : Cochin -16
Date : 31.08.2007



DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS

YOUR Directors have pleasure in presenting the 16th Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March 2007.

I. INDUSTRIAL OVERVIEW

Paper and paper board industry is one of the basic Industries in the country. The industry consists of the segments viz, writing and printing paper, news print, packing paper & boards and specialty paper. The products that manufactured by the company comes under the category of packaging paper & boards, which primarily comprising kraft paper (used for making cartons) and duplex boards. Packing paper & Boards constitute about 30 to 35 % of the total production capacity in India. There are, at present, about 515 mills in India engaged in the manufacture of paper and paperboard and newsprint. India's per capita consumption of paper is around 6 kg. With the expected increase in literacy rate and growth of the economy, an increase in the per capita consumption of paper is expected. These developments are expected to give fillip to the industry. Demand for packaging paper in India has been steadily increasing and the paper industry has recorded a volume growth of CAGR of 5.71% over the last 3 years.

The country is almost self-sufficient in manufacture of most varieties of paper and paperboards. Import, however, is confined only to certain specialty papers. To meet part of its raw material needs the industry has to rely on imported wood pulp and waste paper. Government has delicensed the paper industry in 1997. Several fiscal incentives have also been provided to the paper industry, particularly to those mills, which are based on non-conventional raw material. Paper industry is of cyclical nature and global paper industry being on come back trail, the Indian paper Industry has also started looking up.

Fueled by the economic growth of our nation, the demand for packaging paper is expected to grow.

The company do not expect any inflow of packaging paper from abroad.

2. REVIEW OF OPERATIONS 2006-2007

The Operations of the Company's existing Units at Edayar and Chalakudy during the year under review faired well. Company's gross turnover for the year ended March 31, 2007 increased to Rs.6782 lacs from Rs.6391 lacs in the previous year, registering a growth of 6.12 %. The Export turnover also increased to Rs.270.57 lacs as against Rs.15.99 lacs in previous year.

Similarly Company has achieved higher production of 39563 MT as compared to 38063 MT during the previous year. The Company sold 39206 MT during the year as against 38039 MT in previous year.

As mentioned in the last year's Report, the Company's Scheme of Setting up its new Unit for manufacture of higher GSM/BF variety of kraft paper at 100 TPD at Edayar was commissioned at fag end of last quarter. The financial results of the company include the operating results of this new unit also.

Capital expenditure incurred Rs.2010.81 lacs upto 31.03.2007 for the new Unit was met from the proceeds of issue of shares to the Public made in last year and term loan from IDBI and internal accruals from the Company. In addition the other normal capital expenditure incurred by the Company during the year was Rs.57.89 lacs.

All the repayment and interest commitments were met as per terms of arrangement with Financial Institutions and Banks.

The company's operating profit (PBDT) improved during year on account of higher volumes and selling price. Continued focus on cost control, productivity and efficiency has also resulted in earning increased profits.



3. FINANCIAL PERFORMANCE

(Rs. in lacs)

Particulars	For the year ended 31.03.2007	For the year ended 31.03.2006
Sales (Net)	6080.45	5709.61
Operating Profit	724.09	593.53
Interest and Finance Charges	215.91	218.47
Depreciation	153.62	137.53
Profit before tax	354.56	237.53
Provision for tax	154.46	66.80
Profit after tax	200.10	170.73
Balance of profit brought forward	68.80	0.16
Amount available for appropriation	268.90	170.89
Appropriation		
General Reserve	—	8.38
Proposed dividend & tax on dividend	192.29	93.71
Retained profit carried to Balance sheet	76.61	68.80

4. OPPORTUNITIES / THREATS / RISKS / CONCERN

Your Company has a strong brand name powered by quality of its product and strong manufacturing base. The major external factors that can have significant bearing on your company's performance are;

1. Raw material shortage
2. Import Tariff. As per the WTO agreement import tariff barriers continues to be scaled down and imports of higher quality packaging grades of paper and paper board are soon expected to influence competition dynamics in Indian market
3. Fluctuation in selling price
4. Enhanced paper/paper board supply in the market

The 70% of raw materials required is procured by the Company locally and the company already has good arrangements with major suppliers of raw materials for uninterrupted supply of raw materials.

The Company's International Business Division is functioning in right earnest to explore the foreign market and the present order position and enquiry from the market is quite encouraging.

5. PROSPECTS

The Company's performance so far in the current year is satisfactory. With the commissioning of new Kraft Paper Unit with Slated Capacity of 180 TPD at Edayar on 29.03.2007, the full year's benefit has started accruing from the current year onwards in addition to the existing two Units. Recently there is sudden change in exchange rate movement with sharp strengthening of Rupees against Dollar. As the company imports substantial requirement of waste paper, Rupees' strengthening will help to reduce the raw material costs. Thus barring unforeseen circumstances, Company expects to achieve very good results for the current year.

You will recall that in our last year's Report, the implementation of Cogeneration Plant Project was deferred in view of the steep escalation in prices of inputs. The Board undertook a further review of the feasibility of the Cogeneration Plant Project and SBI Capital Market Limited was asked to conduct the review and submit the report. They have concluded that the project is not viable for implementation in the present scenario. Your Board has considered the matter and decided not to implement the Cogeneration Plant Project. In the circumstances the Board has recommended the manner of utilization of the funds raised for implementation of Cogeneration Plant Project as a separate item in the agenda for the annual general meeting.

6. FUTURE PLAN

The company envisages a Carbon Credit Project under Clean Development Mechanism (CDM) of Kyoto Protocol. The project concept note has already been approved by Ministry of Environment, Government of India. The detailed Project Cost estimates and feasibility report are under preparation and the company pursuing the project for implementation at the earliest.

7. INDUSTRIAL RELATIONS

The Company's Industrial relations remained smooth and cordial to all locations.

8. INTERNAL CONTROL SYSTEM

Your Company has adequate internal control and internal check system commensurate with size of the organization.



9. DIVIDEND

The Directors have recommended a dividend of 10% i.e. Re. 1.00 per share for the financial year ended 31.03.2007. In accordance with the provisions of the Finance Act, 2003 no tax will be deducted at source on the dividend but your Company will absorb Rs.27.93 lacs towards tax on distributed profits.

10. BOARD OF DIRECTORS

In accordance with Article 83 of the Articles of Association of the Company, Mr. S.Giridhar, Mrs.E.Kamalam and Mr.U.Gururaja Bhat, directors of the Company retire on rotation, and they being eligible offer themselves for re-appointment.

11. AUDITORS

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

12. FOREIGN EXCHANGE EARNINGS AND OUT-GO

During the year under review Company had exports Rs 270.57 Lacs. The total outgo was for purchase of raw materials Rs. 896.02 Lacs, Interest on FCNRB loan Rs. 1.84 Lacs, Travel expenses Rs.2.11 Lacs and Export claim Rs.2.43 Lacs.

13. PARTICULARS UNDER SECTION 217

Conservation of Energy, Technology Absorption

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

Particulars of Employees

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

14. CORPORATE GOVERNANCE

The Company's Equity Shares are listed with Bombay Stock Exchange. The Company has since implemented all the mandatory provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance. The Annual Report contains a separate section on the same. As required under the said provisions, the Company has obtained Certificate from the Auditors of the Company which is annexed to and forms part of the Annual Report.

15. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 Directors report that

1. In the preparation of the annual accounts for the financial year ended 31st March 2007 the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. The directors had selected such accounting policies and applied them consistently and made judgment and estimates that were 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 of the company for the year under review.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The directors had prepared the Annual Accounts for the financial year ended 31st March 2007 on a 'going concern' basis.

16. ACKNOWLEDGMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the State and Central Governments, Kerala State Industrial Development Corporation Ltd., Federal Bank Ltd, Syndicate Bank, Industrial Development Bank of India, Kerala State Electricity Board, customers, dealers/Agents and shareholders.

Special thanks are also recorded for the timely supply of machinery equipments by the Machinery suppliers and to the Building / machinery / mechanical / electrical and other contractors for their strenuous efforts and good work done in commissioning of the new Unit at Edayar as per schedule.

Your Company has a well knit management team at all levels with good team work. Your Directors would like to record their deep appreciation for the contributions made by all the employees at all levels.

By and on behalf of the Board of Directors

Sd/-

Place : Cochin -16
Date : 31.08.2007

S. Sivathanu Pillai
Chairman



Sree Sakthi Paper Mills Limited

ANNEXURE TO THE DIRECTORS' REPORT
FORM - A
(See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Current year
31.03.07

Previous Year
31.03.06

A Power and Fuel consumption

1 Electricity		
a. Purchased		
Unit	15712780	15751760
Total Amount	60166246	60590104
Rate/Unit	3.83	3.85
b. Own Generation		
(i) Through Diesel Generator		
Unit	250750	867542
Unit per Ltr. of diesel oil	3.16	3.30
Cost/Unit	10.75	9.60
(ii) Through steam turbine/generator	—	—
2 Coal	—	—
3 Furnace Oil	—	—
4 Others/Internal generation	—	—

B. Consumption per unit of production

Electricity (kwh)	403	437
Furnace Oil	—	—
Coal	—	—
Others	—	—

FORM - B
(See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A RESEARCH AND DEVELOPMENT (R&D)

- | | | |
|--|---|---|
| 1. Specific Areas in which (R& D) carried out by the Company | : | Several special application have been developed and successfully introduced during the year to cater customer specific requirements |
| 2. Benefit derived as a result of the above R&D | : | Nil |
| 3. Future plan of action | : | The company would undertake appropriate R&D activities depending upon future requirements |
| 4. Expenditure on R&D | : | N.A. |

B TECHNOLOGY ABSORPTION, ADAPTION INNOVATION

- | | | |
|------------------------------------|---|--|
| Particulars of imported technology | : | The process of improvement is a continuous one and the Company is experimenting with use of new raw materials, fuels etc. to improve productivity further. |
| | : | No Technology has been imported. |

Information as per Section 217 (2A) (b)(ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2007

Name	Age	Designation	Date of commencement of employment	Remuneration received/receivable	Qualification	Total Experience (Years)	Particulars of Previous Experience
S.Rajkumar	49	Managing Director	03.10.1991	28.23 lacs	M.Com	26	Finance Executive in Poysha during the years 1981-82 and Started his own Carton Unit during the year 1983.



REPORT ON CORPORATE GOVERNANCE

1. Corporate Governance Philosophy

The Management believes that corporate growth, goals, transparency and enhanced stakeholder value are to be achieved only through good Corporate Governance.

2. Board of Directors

The Board of Directors of the Company is comprised of;

Sl. No.	Name	Designation	Executive/ Non Executive Director	Promoter/ Independent Director	No. of other Companies in which he is a Director	Committee in which he is a Member/ Chairman
1.	Mr.S.Sivathanu Pillai	Chairman	Non Executive	Non Independent	Nil	4/1
2.	Mr.S.Rajkumar	Vice Chairman & Managing Director	Executive	Promoter	3	3/Nil
3.	Mr.S.Giridhar	Director	Non Executive	Non Independent	2	2/Nil
4.	Mr.A.S.Unni	Director	Non Executive	Independent	Nil	5/2
5.	Mr.N.Ravindranathan	Director	Non Executive	Independent	2	3/Nil
6.	Mr.S.Subramoniam	Director	Non Executive	Non Independent	1	Nil/Nil
7.	Mrs.E.Kamalam	Director	Non Executive	Non Independent	1	Nil/Nil
8.	Mr.U.Gururaja Bhat	Director	Non Executive	Independent	2	1/Nil
9.	Mr.Deveshwer Kumar Kapila	Director	Non Executive	Independent	5	1/Nil
10.	Dr.A.R.K.Rao	Director	Non Executive	Independent	Nil	Nil/Nil

3. Board Meetings and Annual General Meeting - Directors Attendance:

During the year 2006-2007, seven board Meetings were held on 29th Jun 06, 25th Jul 06, 31st Aug 06, 26th Sep 06, 31st Oct 06, 27th Jan 07 and 28th Mar 07. The Annual General Meeting was held on 27th Sep 06. Attendance of each director, at the Board Meetings held during the year 2006-2007 and at the last Annual General Meeting.

Sl. No.	Name	Board Meetings		Last Annual General Meetings Attended
		Held	Attended	
1.	Mr.S.Sivathanu Pillai	7	7	Yes
2.	Mr.S.Rajkumar	7	7	Yes
3.	Mr.S.Giridhar	7	7	Yes
4.	Mr.A.S.Unni	7	7	Yes
5.	Mr.N.Ravindranathan	7	7	Yes
6.	Mr.S.Subramoniam	7	7	Yes
7.	Mrs.E.Kamalam	7	7	Yes
8.	Mr.U.Gururaja Bhat	7	6	Yes
9.	Mr.Deveshwer Kumar Kapila	7	5	Yes
10.	Dr.A.R.K.Rao	7	5	Yes

4. Audit Committee

The Company has complied with the requirements of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement relating to the composition of the Audit Committee. The Audit Committee consists the following members;

Sl. No.	Name	Designation	Independent / Non independent
1.	Mr.A.S.Unni	Chairman	Independent
2.	Mr.S.Sivathanupillai	Member	Non Independent
3.	Mr.N.Ravindranathan	Member	Independent
4.	Mr.Deveshwer Kumar Kapila	Member	Independent