



C O N T E N T S

Corporate Information	01
Financial Highlights	02
Notice	03 to 08
Directors' Report	09 to 24
Auditor's Report	25 to 27
Balance Sheet	28
Profit & Loss Account	29
Schedules	30 to 42
Cash Flow Statement	43
Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956	44
Balance Sheet Abstract	45
Consolidated Financial Statements	46 to 62

BOARD OF DIRECTORS

Mr.S.Sivathanu Pillai (Chairman)
Mr.S.Rajkumar (Vice Chairman & Managing Director)
Mr.A.Padmanabhan (Whole Time Director –Operations)
Mr.A.S.Unni
Mr.N.Ravindranathan
Mr.S.Subramoniam
Mr.S.Giridhar
Mrs.E.Kamalam
Mr.U.Gururaja Bhat
Mr.Deveshwer Kumar Kapila
Dr.A.R.K.Rao
Mr.N.Sreekumar (up to 02/02/2011)
Mr. T.S. Anantharaman (w.e.f 30/05/2011)

COMPANY SECRETARY

Mr.Binu Alex.V

AUDITORS

M/s. Balan & Co.
31/181D, Anantha
Mahakavi G Road, Karikkamuri, Cochin-682011

BANKERS

Federal Bank Limited
IDBI Bank Limited
Bank of India
State Bank of Travancore
Syndicate Bank

REGISTERED OFFICE

57/2993, "Sree Kailas"
Palam Road, Ernakulam, Cochin -682016 , Kerala
Tel : 0484 -4092999, 2373230,2371085,2380497
Fax : 0484- 2370395
Email : secretary@sreekailas.com
Web : www.sreekailas.com

FACTORIES

Kraft Paper Unit 1 and 2
Industrial Development Area
Muppathadom, Edayar, Aluva - 683102
Tel : 0484-2540622, 2555451
Fax : 0484-2555835

DUPLEX BOARD UNIT

Kanjirapilly, Pariyaram, Chalakudy, Thrissur - 680 721
Tel : 0480-2746129, 2747529
Fax : 0480-2746410



FINANCIAL HIGHLIGHTS (7 YEARS)

(Rs. in Lakhs)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-2010	2010-2011
Sales(Gross)	4963.80	6390.68	6782.46	11624.81	14416.14	14753.18	19081.82
Sales (Net)	4447.82	5761.54	6116.50	10638.30	13708.63	14152.04	18292.83
Total Income	4554.34	5841.12	6324.94	10729.89	13928.84	14312.82	18366.86
Profit before tax	187.82	237.53	354.56	456.23	483.66	706.96	1052.75
Profit after tax	102.85	170.73	200.10	302.46	331.79	464.43	701.33
Earnings Per Share (Rs.)	5.08	1.04	1.22	1.84	2.02	2.83	4.27
Dividend Rate (%)	10.00	5.00	10.00	15.00	15.00	18.00	21.00
Reserve & Retained Earnings	685.96	1822.72	1830.53	1844.55	1887.90	2010.77	2309.62
Share Capital	202.50	1643.62	1643.62	1643.62	1643.62	1643.62	1643.62
Shareholders' Funds	888.46	3466.34	3474.15	3488.17	3531.52	3654.39	3953.24
Fixed Assets(Gross Block)	2720.27	2923.57	4992.14	5756.44	6543.26	6918.93	7748.46
Fixed Assets (Net Block)	1811.32	1877.09	3792.04	4293.61	4772.94	4826.66	5287.67



NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Sree Sakthi Paper Mills Limited will be held on Friday, 2nd September 2011, at 3.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 2011, 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. Sivathanu Pillai, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.A.S. Unni, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. N. Ravindranathan, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for 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 re-appointed as Auditors of the Company to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting at 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 Mr. T.S. Anantharaman, an additional director of the Company who holds office upto the date of this meeting in terms of Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company, be and is hereby appointed as Director of the Company."

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

"Resolved that pursuant to the provisions of sections 198,269,309 ,311 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions if any of the Companies Act ,1956 or any statutory modification (s) or re-enactment thereof, the company hereby approves the Re-appointment of Mr. S. Rajkumar as Managing Director designated as Vice Chairman and Managing Director of the company for a period of 3 years from 11.07.2011 to 10.07.2014 on the terms and conditions including remuneration and perquisites as approved by the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) at their meeting held on 30th May, 2011 and accepted by Mr. S. Rajkumar with liberty to the "Board" to alter and vary the approved terms and conditions as the "Board" may consider necessary and as may be agreed to by Mr. S. Rajkumar within the overall limits as specified in Schedule XIII to the Companies Act, 1956 for the time being in force or any statutory modification or re enactment thereof and /or any rules or regulations framed there under."

"Further Resolved that wherein in any financial year, the company has no profit or profits are inadequate, the minimum remuneration payable to the Managing Director shall be the same substantive salary and perquisites as above mentioned subject to the ceiling set out under Schedule XIII to the Companies Act, 1956".

By Order of the Board
For Sree Sakthi Paper Mills Limited

Sd/-
Binu Alex.V
(Company Secretary)

Place : Cochin -16
Date : 01.08.2011



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. Register of Members and Share Transfer Books of the Company will remain closed from Friday, 26th August 2011 to Friday, 2nd September 2011 (both days inclusive).
5. The dividend when approved will be payable to those members of the Company whose names appear on the Register of Members of the Company on 2nd September 2011. 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.
6. 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 25th August 2011 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.
7. Members are hereby informed that Dividend which remains unclaimed/ un encashed over a period of seven years, has to be transferred as per the provisions of Section 205A of the Companies Act, 1956 by the Company to "The Investor Education and Protection Fund" constituted by the Central Government under Section 205C of the Companies Act, 1956. It may please be noted that once unclaimed/un-encashed dividend is transferred to "The Investor Education and Protection Fund" as above, no claims shall lie in respect of such amount by the shareholder.
8. All the Members are requested to forward the share transfers deed(s) and other communications directly to Registrar and Share Transfer Agents of the Company 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 .022-40430200, Fax.022-28475207".
9. 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.
10. Members may avail nomination facility as provided under section 109A of the Companies Act, 1956.
11. 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
12. 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.
13. 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.
14. Ministry of Corporate Affairs, New Delhi has taken "Green Initiative in Corporate Governance" by permitting paperless compliances vide its Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011. Hence service of documents can be made through electronic mode instead of physical copy of the documents. Shareholders are requested to update the Email address with concerned DP in order to avail the benefits of getting the documents through electronic mode.
15. As per requirement of Clause 49 of the Listing Agreement on Corporate Governance for appointment of the Directors/ re-appointment of the retiring Directors, a statement containing details of the concerned Directors are given below;



(in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Date of Birth	Date of Appointment	Qualification	Experience	Share holding in the Company (Nos)
Mr. S. Sivathanu Pillai	10.12.25	03.10.91	Graduate	Retired as Joint Secretary, Government of Kerala in 1980 after a long service of 30 years. After retirement, he was in cement business and presently the Chairman of the Company since inception.	232840
Mr. A.S. Unni	29.01.33	01.02.93	Chartered Accountant & Company Secretary	Director of the Company since 1993. He was Secretary in Kerala State Industrial Development Corporation in the year 1963 and retired as Executive Director, (Finance) in the year 1988.	20200
Mr. N.Ravindranathan	02.03.27	22.06.92	Science Graduate-B.Sc (Hons) Tech and MS (Pulp and Paper) USA	More than 50 years experience in the paper industry. Before joining the company in the year 1992 as a Director , he was associated with various mills in Madhya Pradesh, Andhra Pradesh and Tamil Nadu. He was also associated with the World Bank aided Paper Project at Tanzania, East Africa.	776
Mr. T.S. Anantharaman	26.06.48	30.05.11	Chartered Accountant	More than 40 years experience in the field of audit, accounting and financial management and experience in securities and share markets. He is a member of British Institute of Management.	215866

Details of other Directorship and relationship between directors inter-se

Name of Director	Details of Directorship in other companies	Status in other Board Committees of the company	Relationships between directors inter-se
Mr. S. Sivathanu Pillai	Jalashaayi Alamparathodu Hydro Power Ltd Sree Adisakthi Mukkuttathodu Hydro Power Ltd Sree Kailas Palchuram Hydro Power Ltd Shri Kailash Logistics Ltd	Audit Committee Member	Husband of Mrs. E. Kamalam & Father of Mr.S. Rajkumar, S. Subramoniam and Mr. S. Giridhar, Directors of the Company



Name of Director	Details of Directorship in other companies	Status in other Board Committees of the company	Relationships between directors inter-se
Mr. A.S. Unni	Shri Kailash Logistics Ltd Sree Giri Packagings Ltd Sree Sakthi Construction & Infrastructure Ltd	Audit Committee (Chairman) Remuneration Committee (Chairman)	Not related to any other directors of the Company
Mr. N. Ravindranathan	Nil	Audit Committee Member Remuneration committee member	Not related to any other directors of the Company
Mr. T.S. Anantharaman	Catholic Syrian Bank Ltd Integrated Sports Centre Kerala Ltd Springmist Sports & Games Pvt. Ltd	Nil	Not related to any other directors 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

With a view to professionalize and broad base the Board, Mr. T. S. Anantharaman was co-opted as an additional director of the company by Board at their meeting held on 30.05.2011. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company, he would hold office till the date of this Annual General Meeting.

He is an eminent personality having more than 40 years of experience in the field of audit, accounting and financial management and experience in securities and share markets. He has completed his Bachelor Degree in Commerce in 1965 and Chartered Accountancy in 1967 and Member of British Institute of Management in 1976.

Present assignments:

- Investment consultant
- Director of Catholic Syrian Bank Ltd, Integrated Sports Centre Kerala Ltd and Springmist Sports & Games P Ltd
- Visiting faculty of Postgraduate studies of Calicut University, Department of Commerce & Management studies.
- Regular TV appearance on share, investment and finance matters. Presented a number of papers at national level seminars and workshops.

Previous assignments:

- Chairman of Acumen group of Companies (Acumen Capital Market (India) Ltd, Acumen Securities (P) Ltd and Acumen Commodities India Ltd)
- President of Trichur Chamber of Commerce & Trichur Management Association.
- United Nations Expert for 7 years (1978-85) with international Labour office, Geneva, Switzerland. He was an advisor to various governments (Botswana, Lesotho, Swaziland, Gambia, etc) on matters connected with Accountancy, Finance Management, Training, etc.
- Head of the department of Accountancy and Management Studies with University of Botswana for 2 years (1976-78)
- Assistant Finance Manager with National Housing Corporation, Dar es salaam, Tanzania for 2 years (1974-76)
- Partner of a leading firm of Chartered Accountants at Trichur, Kerala for 5 years (1969-74)
- Wrote 4 books on Accountancy and Taxation (officially used books for Accountancy Training in Botswana) and various manuals and Research Papers

In order to induct more Independent Directors into the Board, it has been considered desirable that the Company should avail his service. Hence this resolution is proposed for your approval.



None of the directors except Mr.T.S.Anatharaman is in any way concerned or interested in this resolution.

Item No.8

Mr. S. Rajkumar had been appointed earlier as Managing Director for a period of 3 years and his tenure of appointment expired by 10.07.2011. Mr.S.Rajkumar was re-appointed as Managing Director designated as Vice Chairman & Managing Director of the Company for a period of 3 years w. e. f 11.07.2011 to 10.07.2014 at the board meeting held on 30.05.2011. His remuneration had also been fixed by the Remuneration committee /board for a period of 3 years.

Remuneration Committee constituted by the Board had met on 30.05.2011 and approved and recommended the remuneration package of Mr.S.Rajkumar, Vice Chairman & Managing Director for the tenure of office , in accordance with Schedule XIII to the Companies Act,1956.

As per the provisions of Schedule XIII , based on the effective capital of the Company where in any financial year during the currency of tenure of the Managerial person , a company has no profits or its profits are inadequate, it may pay remuneration by way of salary, perquisites and any other allowances amounting to Rs.3,00,000/- per month provided (i) payment of remuneration is approved by a resolution passed by the Remuneration Committee, (ii) the company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such managerial person ,(iii) a special resolution has been passed at the general meeting of the company for the payment of remuneration for a period not exceeding three years ; and (iv) a statement along with notice calling the General Meeting given to the shareholders containing certain information as specified in the Schedule XIII of the Companies Act,1956.

The remuneration committee of the Board of Directors has recommended remuneration of Mr.S.Rajkumar as set out below;

1. Salary : Rs.2,00,000/- (Rupees Two lakhs) per month from 11th July 2011 to 10th July 2014
2. Perquisites
 - a) House rent allowance - Rs.95000/- per month
 - b) Personal accident insurance for an amount of the annual premium which does not exceed Rs.48000-
 - c) Gratuity payable shall not exceed half month's salary for each completed year of service
 - d) Provision for car for use on company business and telephone at residence.
3. Perquisites shall be evaluated as per Income Tax Rules 1962 wherever applicable

4. Wherein any financial year , the company has no profits or profits are inadequate the minimum remuneration payable to the Managing Director shall be the same substantive salary and perquisites as above mentioned subject to the ceiling set out under Schedule XIII of the Companies Act,1956 as amended.

Mr.S.Rajkumar, Mr.S.Sivathanupillai, Mr.S.Giridhar, Mr.S.Subramoniam, Mrs. E.Kamalam and Mr. A. Padmanabhan being related to one another is deemed to be interested in the resolution. None of the other directors of the company is in any way concerned or interested in the resolution.

Abstract of terms of Re- appointment of Mr.S.Rajkumar as Managing Director of the company as required under section 302 of the Companies Act,1956 has forwarded to the members on 02.06.2011

Information required to be disclosed in terms of Schedule XIII to the Companies Act, 1956

I. General information.

1. Nature of industry
Paper industry – The company is engaged in manufacture and trading (including exports) of kraft paper and duplex board
2. Date or expected date of commencement of commercial production
It is an established company and commercial production at its Edayar plant commenced in 1993
3. In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus-
Not Applicable

4. FINANCIAL PERFORMANCE

(Rs./Lakhs)

Particulars	2008-09	2009-10	2010-11
Gross Sales	14416.14	14753.18	19081.82
Net Sales	13708.63	14152.04	18292.83
Profit before tax and Depreciation	791.15	1049.47	1428.92
Profit before tax	483.66	706.96	1052.75
Profit after tax	331.79	464.43	701.33
Earnings per share(Rs)	2.02	2.83	4.27
Rate of Dividend (%)	15%	18%	* 21%
*(Including 13% proposed Final Dividend)			



The effective capital of the company based on the Audited Accounts for the Year ended 31.03.2011 is Rs.49 crores

The Company has not made any default in the repayment of its dues or interest payments thereon for a continuous period of 30 days in the preceding financial year. The Company has not issued any debentures or not accepted any public deposits.

5. Export performance and net foreign exchange collaboration

Financial Year	Export Turn Over (Rs.Lakhs)
2008-09	1764.87
2009-10	147.61
2010-11	383.08

The Company does not have any Foreign Exchange Collaboration

6. Foreign investments or collaborations, if any.: The company does not have any foreign investments or collaborations.

II. Information about the appointee: Mr.S.Rajkumar

I. Background details

Mr. S. Rajkumar is a post graduate in commerce and has been in the service of the company as Managing Director since the incorporation of the company in 1991. He has been instrumental in setting up of Kraft Paper unit at Edayar which commenced the commercial production in the year 1993 and Duplex Board Unit at Chalakudy which commenced the commercial production in the year 1995. Besides he has taken considerable strain and responsibility in setting up of 3rd Unit at Edayar, which commenced the commercial production in the year 2007. For setting up this 3rd Unit he has successfully mobilized funds through public issue of shares and companies shares were listed in BSE. Mr.S.Rajkumar is 52 years old and has wide experience in marketing, management and administration and has in depth knowledge of paper industry. Over the last 20 years he has steered the company successfully and consistently made profits every year even when the paper industry in the Country has been facing depressed conditions and hit by the cost escalation during the past years, by adopting cost cutting measures and sustaining the same in unfailing manner and as an ongoing process. Since the inception of the company he has taken effective steps to increase the production capacity gradually and under his leadership Company has reached as one of the leading manufacturers of Kraft Paper in South India with installed capacity of 85000 MT per year.

He is also a director in the following companies

(a) Shri Kailash Logistics Limited, (b) Sree Sakthi Constructions & Infrastructure Ltd, (c) Jalashaayi Alamparathodu Hydro Power Ltd, (d) Sree Adisakthi Mukkuttathode Hydro Power Ltd and (e) Sree Kailas Palchuram Hydro Power Ltd

2. Past remuneration:

During the financial year 2010-2011, he was paid the following remuneration;

Particulars	(Rs./Lakhs)
Salary	24.00
House Rent Allowance	11.40
Total	35.40

I. Recognition or awards :

Mr.Rajkumar was honored with Outstanding Entrepreneurship Award by Kerala State Industrial Development Corporation Limited (KSIDC) on the occasion of Golden Jubilee Celebrations in 2011. He also have been awarded with First P K Ittoop Memorial Award for Industry

2. **Job Profile and his suitability :** As given in the point II (i) above

3. **Remuneration proposed :** As mentioned in the Explanatory statement of Item No.8. Considering his vast experience and the services rendered as Managing Director of the Company since its inception, the remuneration proposed to Mr.S.Rajkumar, Managing Director is comparable with the prevailing market rates.

4. **Pecuniary Relationship :** Mr.S.Rajkumar to the extent of remuneration received / receivable by him. All transactions with the related parties as disclosed at Point 28 of Schedule 21(B) - (Notes on accounts) were in the ordinary course of business and at arms length.

III. Other information:

The company has so far running in profits only. The minimum remuneration clause is incorporated in the resolution to cover any eventuality in future.

Disclosures as required under Schedule XIII of the Companies Act, 1956 has incorporated in the Directors Report and Corporate Governance Report, as the case may be forming part of the Annual Report.

Mr.S.Rajkumar to the extent of remuneration received / receivable by him and Mr.S.Sivathanu Pillai, Mr.S.Subramoniam, Mr.S.Giridhar and Mrs. E.Kamalam and Mr. A. Padmanabhan being related to Mr.S.Rajkumar interested in the resolution mentioned in Item No.8 of the Notice.

None of the other directors of the company is in any way concerned or interested in the resolution mentioned in Item No.8 of the Notice.

Your directors recommend this resolution for approval

By Order of the Board
For Sree Sakthi Paper Mills Limited

Sd/-
Binu Alex.V
(Company Secretary)

Date : 01.08.2011
Place : Cochin -16



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 20th Annual Report and the Audited Financial Statements of the Company for the year ended 31st March 2011

REVIEW OF OPERATIONS 2010-2011

During the year, the company's production increased by about 7.59%, from 71926 MT to 77385 MT on account of our continuous modernization efforts. Capacity utilization improved from 85 % to 91 %.

The gross turnover was Rs.19082 lakhs for the year under review, as compared to Rs.14753 lakhs in the previous year. Net Sales surged by 29% on account of better realization which improved 20%, from Rs 19656 to Rs 23640 per tonne.

After absorbing interest/financing charges and depreciation of Rs.485.57 lakhs and Rs.376.17 lakhs respectively, the profit before tax was Rs.1052.75 lakhs as compared to Rs.706.96 lakhs in the previous year. Pre-Tax profit climbed 49% as interest burden was reduced by 5.7% , from Rs.515.14 lakhs to 485.57 lakhs. Profit after Tax of the company for the year ended March 2011 rose sharply, by 51%, to reach Rs.701.33 lakhs as compared to Rs.464.43 lakhs in the previous year, reflecting an improvement of 55 basis points in Net Profit Margin. Return of capital employed improved by 5.03% and Return on Net worth increased by 2.82%.

Fixed assets added to the Company's Gross Block during the year under review was Rs.844.59 lakhs. Productive Assets (Gross Block) increased by about 12% on account of modernization, which is partly financed by availing term loans from banks. Term loans availed from the banks during the year is Rs. 783.64 lakhs.

Efficient working capital management reflected by shorter debtor turnaround time has also contributed in reducing the finance cost.

FINANCIAL PERFORMANCE

(Rs./Lakhs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Sales (Gross)	19081.82	14753.18
Less : Excise Duty	788.99	601.14
Sales (Net)	18292.83	14152.04
Operating Profit	1914.49	1564.61
Interest and Finance	485.57	515.14
Depreciation	376.17	342.51
Profit before tax	1052.75	706.96

Provision for Tax	351.42	242.31
Income Tax provision w/off / (w/back)	0.00	0.22
Profit after tax	701.33	464.43
Balance of profit brought forward	123.85	100.98
Amount available for appropriation	825.18	565.41
Appropriation		
General Reserve	150.00	100.00
Proposed dividend & tax on dividend	402.49	341.56
Retained profit carried to Balance sheet	272.69	123.85

FINANCIAL HIGHLIGHTS

PARAMETERS	2010-11	2009-10
Gross Block (Rs./Lakhs)	7748.46	6918.93
Average Realization Rs. Per tonne	23640	19656
Production (MT)	77385	71926
Capacity utilization %	91	85
Net Sales (Rs.Lakhs)	18292.83	14152.04
Profit before tax (Rs.Lakhs)	1052.75	706.96
Profit after tax (Rs.Lakhs)	701.33	464.43
Net Profit Margin (%)	3.83	3.28
Return on Net Worth (%)	17.74	12.71
Return on Capital Employed (%)	9.84	7.02
Dividend (%)	21	18

FINANCE

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

SHAREHOLDER RETURN

The company paid an interim dividend of 8% during the year. Including the proposed final dividend of 13%, total dividend for the fiscal 2011 amounted to 21% (Rs 2.10 per share) as against 18% last year. This yields an impressive return of more than 8% on the average price of the company's share (Rs 25.70) during the financial year.

Whereas Sensex and overall market gained about 10% each in fiscal 2011, Sree Sakthi Paper scrip fetched a capital appreciation of more than 38%.

DEVELOPMENTAL PLANS

The Company has scheduled its expansion-cum-modernization plans in a phased manner. Technology up-gradation projects were already completed and certain other projects are on progressing stages. The details of which are given below ;



Twin Wire Technology at Kraft paper Unit I

The Unit upgraded to twin wire technology along with additional dryers in August 2010 and the modernization had enabled the Unit for improvement in production and profit margins partly in the FY 2010-11. Full year benefits on account of modernization of this Unit will accrue from FY 2011-12 onwards. Modernization helped to upgrade and improve the quality of the products to meet the requirements in the medium segment of the Industry.

Triple Wire Technology at Kraft paper Unit 2

The Unit upgraded to triple wire technology from twin wire technology in October 2010. The up-gradation along with adding of dryers embarked improvement in production volume and profitability in the year under review. Full year benefit on account of the up-gradation in the technology will accrue from FY 2011-12 onwards. Modernization enabled the Unit to upgrade and improve the quality of the products to meet the requirements in the high end segment of the industry.

Fiber treatment at Kraft Paper Unit -2

As indicated in the last year, the company imported Krima Disperser Equipment from Sweden. The equipment was imported at 3% Concessional duty under EPCG Scheme. The equipment is meant for dispersing contaminants like wax, bitumen, ink spots, stickers, etc. in the pulp in the stock preparation process. The addition of dryers at the Kraft Paper units, enables the higher production and due to this steam constraint was occurred. Hence the commissioning of krima disperser is rescheduled along with the Boiler Project. Now the installation work is progressing and expected to be completed before the 2nd quarter in FY 2011-12.

Captive power – Co-generation Plant

As decided, the Boiler cum Cogeneration Project at Kraft Paper Units is going as per the schedule. Civil design and excavation works already completed and the part of the boiler and turbine equipments already reached at the factory. The Project expected to complete in the 3rd Quarter of FY 2011-12. The project will be helpful to the company to meet its steam requirement and will also cater to about 30 - 40% power requirement. By Installation of new boiler, there will be improvement in the steam pressure and improve drying capacity by 15%.

Press and Steam and Condensate Systems at Kraft Paper Unit I

As part of modernization program, the installation of Press and Steam & Condensate System in Kraft Paper Unit I are also scheduled in FY 2011-12 and expected to complete the same by 3rd Quarter of FY 2011-12. The improvement of production volume by 10% is expected on account of this.

Carbon credit through Methane Recovery Project

As reported in the last year, the detailed engineering work of the project was entrusted with M/s.KITCO, leading engineering consultancy organisation at Cochin. Their reports have been received and the same being examined.

Small Hydro Projects

As reported in the previous year's Report, Your company is pursuing with Government of Kerala for assistance in connection with the land acquisition for the hydro-electric projects.

EXPORT PERFORMANCE

Your company exported 1786 MT of paper and paper boards during the year as compared to 744 MT during the previous year. The export amounted Rs.383.08 lakhs as against Rs 147.61 lakhs in the previous year.

SUBSIDIARY COMPANIES

As of 31st March 2011 the company had 3 subsidiaries viz. Sree Kailas Palchuram Hydro Power Limited, Sree Adisakthi Mukkuttathode Hydro Power Limited and Jalashaayi Alamparathode Hydro Power Limited by virtue of the Company having control on the Board of these companies.

The Board of directors of the company at its meeting held on 30.05.2011 decided to avail the exemption under section 212 of the Companies Act, 1956 pursuant to GC No.2/2011 dated 08.02.2011 issued by the Central Government. As required in the Circular, the consolidated financial statements audited by the Statutory Auditors of the company attached along with the Annual Reports of the company. Annual accounts of the subsidiary companies and the related detailed information would be sent to those shareholders seeking information in this regard at any point of time. Further annual accounts of the subsidiary companies would be available for inspection by any shareholders at the registered office of the company.

INDUSTRIAL RELATIONS

The industrial relations remained cordial and satisfactory during the year under review.

INTERNAL CONTROL SYSTEM

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

BOARD OF DIRECTORS

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