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BOARD OF DIRECTORS

Mr. A.S. Unni (Chairman) (w.e.f 30.5.2013)
Mr. S. Rajkumar (Vice Chairman & Managing Director)
Mr. A. Padmanabhan (Executive Director)
Mr. N. Rajagopal Pai (Director - Operations) (w.e.f 01.02.2013)
Mr. S. Sivathanu Pillai
Mr. N. Ravindranathan (upto 31.1.2013)
Mr. S. Subramoniam
Mr. S. Giridhar
Mrs. E. Kamalam
Mr. U. Gururaja Bhat
Mr. Deveshwer Kumar Kapila
Dr. A.R.K. Rao
Mr. T.S. Anantharaman

COMPANY SECRETARY

Mr. Binu Alex V

AUDITORS

M/s. Balan & Co.
31/181D, Anantha, Mahakavi G Road
Karikkamuri, Cochin - 682 011

BANKERS

Federal Bank Limited
IDBI Bank Limited
Bank of India
Syndicate Bank
State Bank of Travancore
Axis Bank
Punjab National Bank

REGISTERED OFFICE

57/2993, "Sree Kailas"
Paliam Road, Ernakulam, Cochin - 682 016, Kerala
Tel. : 0484-3002000, 2373230, 2371085, 2380497
Fax : 0484-2370395
E-mail : secretary@sreekailas.com
Web : www.sreekailas.com

FACTORIES

Kraft Paper Unit 1 and 2

Industrial Development Area
Muppathadom, Edayar, Aluva - 683 102
Tel. : 0484-3002000 100, 2540622, 2555451
Fax : 0484-2555835

Duplex Board Unit

Kanjirapilly, Pariyaram, Chalakudy, Thrissur - 680 721
Tel. : 0480-3002000 100, 2746129, 2747529
Fax : 0480-2746410

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FINANCIAL HIGHLIGHTS (7 YEARS)

(Rs. in Lacs)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Sales (Gross)	6782.46	11624.81	14416.14	14753.18	19081.81	20837.99	21766.94
Sales (Net)	6116.50	10638.30	13708.63	14152.04	18292.83	19792.31	20505.57
Total Income	6324.94	10729.89	13928.84	14312.82	18356.74	19837.31	20565.49
Profit before tax	354.56	456.23	483.66	706.96	1052.75	1023.57	702.90
Profit after tax	200.10	302.46	331.79	464.43	701.33	660.33	469.12
Earnings Per Share (Rs.)	1.22	1.84	2.02	2.83	4.27	4.02	2.85
Dividend Rate (%)	10.00	15.00	15.00	18.00	21.00	21.00	15.00
Reserve & Retained Earnings	1830.53	1844.55	1887.90	2010.77	2309.62	2568.79	2749.47
Share Capital	1643.62	1643.62	1643.62	1643.62	1643.62	1643.62	1643.62
Shareholders' Funds	3474.15	3488.17	3531.52	3654.39	3953.24	4212.41	4393.09
Fixed Assets(Gross Block)	4992.14	5756.44	6543.26	6918.93	7748.46	10357.62	10838.20
Fixed Assets (Net Block)	3792.04	4293.61	4772.94	4826.66	5287.67	7472.88	7451.11

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Members of Sree Sakthi Paper Mills Limited will be held on Thursday, 12th September 2013, at 3.30 PM 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 2013, and the Statement of Profit and Loss 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 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.
5. 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.
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. N. Rajagopal Pai, 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 appointment of Mr. N. Rajagopal Pai as Whole time Director-Operations of the company for a period of 15 (fifteen months) from 01.02.2013 to 30.04.2014 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 31st January 2013 and accepted by Mr. N. Rajagopal Pai 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. N. Rajagopal Pai 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 Whole Time Director- Operations 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

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

   "Resolved that pursuant to Section 258, 259 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the number of directors of the company be increased from twelve to fifteen."

   "Resolved further that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 existing Article 75 of the Articles of Association of the Company be deleted and in its place the following Article 75 be inserted

   75. The numbers of Directors of the company shall not be less than three and until otherwise determined by the company in General Meeting by means of a resolution it shall not be more than fifteen."

   "Resolved further that the board be and is hereby authorised to take all such steps as may be

necessary, proper or expedient to give effect to this resolution."

By Order of the Board
For Sree Sakthi Paper Mills Limited
Sd/-
Binu Alex V
(Company Secretary)

Place : Cochin -16
Date : 31.07.2013

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 05.09.2013 to 12.09.2013 (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 12.09.2013. 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 04.09.2013 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. Pursuant to the provisions of Section 205A of the Companies Act. 1956, unclaimed Share application money in Refund Account relating to Financial Year 2005-06 have been transferred to the 'Investor Education and Protection Fund' established by the Central Government. Those members who have not encashed their dividend warrants for the financial years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 (Interim dividend and Final dividend), 2010-11 (Interim dividend and Final dividend), 2011-12 may lodge a claim with the Company immediately, failing which the balance will be transferred to the Investor Education and Protection Fund at the end of the statutory period of 7 years, as envisaged in the section 205A(5) of the Companies Act, 1956. Members are therefore, advised to claim the unclaimed dividend, if any, immediately.
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: 022-28470652, 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	Share holding in the Company (Nos.)
Mr. S. Giridhar	15.11.1964	28.08.1991	1090328

Qualification
Graduation

Experience
More than 25 year's experience in business. Managing the transport operations of "Sree Kailas" Group for past 18 years. As the Managing Director of Shri Kailash Logistics Ltd., he has achieved the group targets for the transport division. This operation is consistently transporting more than 10 lacs tons of goods every year. Under the management of Mr. S. Giridhar, the company has taken steps to extend its activities into warehousing operations in the year 2009-10 under the brand name "Logicity" in Oragadam, Chennai. In a short period of 3 years, Shri Kailash Logicity has acquired 55 acres of land, constructed 3,50,000 sq. ft of warehouse space and 25000 sq. ft business Centre. The built up space is let out to well-known multinational automobile companies. The company is expecting to let out further 8,50,000 sq. ft. warehouse space before the end of 2014.

Details of Directorship in other companies
Shri Kailash Logistics Ltd., Shri Kailash Logistics (Chennai) Ltd., Jalashaayi Alamparathodu Hydro Power Ltd., Sree Adi Sakthi Mukkuttathodu Hydro Power Ltd., Sree Kailas Palchuram Hydro Power Ltd., Sree Kashyapa Surya Energy Equipment (P) Ltd.

Status in other Board Committees of the company
Nil

Relationships between directors inter-se
Son of Mr. S. Sivathanupillai and Mrs. E. Kamalam and brother of Mr. S. Rajkumar and Mr. S. Subramoniam, Directors of the Company.

Name of Director	Date of Birth	Date of Appointment	Share holding in the Company (Nos.)
Mr. U. Gururaja Bhat	15.04.1938	29.08.2005	50

Qualification
Graduate in Science & Mathematics and Degree in Mechanical Engineering

Experience About 48 years of Experience
Twenty (20) years experience in Paper Mill Maintenance, Projects covering Development Activities and Expansion of the mill involving Engineering, procurement and construction activities - Twenty five (28) years experience in Managing large scale projects involving co-ordination of all phases of engineering, procurement, construction, start up and commencing activities of pulp & paper Mills in India..

Details of Directorship in other companies
Emami Paper Mills Ltd., SPB Projects & Consultants Limited

Status in other Board Committees of the company
Remuneration committee & Audit Committee member

Relationships between directors inter-se
Not related to any other directors of the company

Name of Director	Date of Birth	Date of Appointment	Shareholding in the Company (Nos.)
Mrs. E. Kamalam	10.11.1933	03.08.1995	17868
Qualification Metriculation			
Experience More than 15 years experience in cement business. She was director of the company since 1995.			
Details of Directorship in other companies Nil			
Status in other Board Committees of the company Nil			
Relationships between directors inter-se Wife of Mr. S. Sivathanupillai and mother of Mr. S. Rajkumar, Mr. S. Subramoniam, Mr. S. Giridhar, Directors of the Company.			

Name of Director	Date of Birth	Date of Appointment	Shareholding in the Company (Nos.)
Mr. N. Rajagopal Pai	06.05.1949	01.02.2013	370
Qualification Chartered Accountant			
Experience Around 36 years of experience in M/s. Aspinwall & Company Ltd. Out of this almost 9 years worked as CEO and having vast experience in the Top management level.			
Details of Directorship in other companies Nil			
Status in other Board Committees of the company Nil			
Relationships between directors inter-se 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. N. Rajagopal Pai, President Operations of the Company was co-opted as an additional director of the company w.e.f. 1/2/2013 by Board at their meeting held on 31.1.2013 .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 a Chartered Accountant and having around 36 years of management experience.

In order to broad base the Board it has been considered desirable that Company should avail his service. Hence this resolution is proposed for your approval.

The Board recommends the resolution for approval. None of the Directors except Mr. N. Rajagopal Pai is in any way concerned or interested in this resolution.

Item No. 8

Mr. N. Rajagopal Pai, President Operations of the Company was co-opted as an additional director on 01.02.2013 at the board meeting held on 31.1.2013. He was also appointed as Whole Time Director – Operations of the Company for a period of 15 (fifteen) months w.e.f. 01.02.2013 to 30.04.2014 at the board meeting held on 31.1.2013. His remuneration had also been fixed by the Remuneration committee.

Remuneration Committee constituted by the Board had met on 31.1.2013 and approved and recommended the remuneration package of Mr. N. Rajagopal Pai 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 within the scale mentioned in the Schedule 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. N. Rajagopal Pai as set out below;

1. Salary: Rs. 1,50,000/- (Rupees One lacs Fifty Thousand) per month (period of appointment -15 months w.e.f 1.2.2013 to 30.04.2014)
2. Commission: 1% of net profit in excess of Rs. 10 crores for each financial year or part thereof computed in the manner laid down under the applicable provisions contained in the companies Act, 1956 subject to ceiling and within overall limits set out under Schedule XIII of the Companies Act, 1956
3. Perquisites: Provision of car for official use (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 Whole Time Director – Operations 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.

None of the other directors of the company except Mr. N. Rajagopal Pai is in any way concerned or interested in the resolution.

Abstract of terms of Appointment of Mr. N. Rajagopal Pai as Whole time Director –Operations of the company as required under section 302 of the Companies Act, 1956 has been forwarded to the members on 15.02.2013

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 and Duplex Board Unit in 1995
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. in lacs)

Particulars	2010-11	2011-12	2012-13
Gross Sales	19081.81	20837.99	21766.94
Net Sales	18292.83	19792.31	20505.57
Profit before tax and Depreciation	1428.92	1531.52	1223.24
Profit before tax	1052.75	1023.57	702.90
Profit after tax	701.33	660.33	469.12
Earnings per share (Rs.)	4.27	4.02	2.85
Rate of Dividend (%)	21%	21%	15%

The effective capital of the company based on the Audited Accounts for the Year ended 31.03.2013 is Rs. 64.65 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

(Rs. in lacs)

Financial Year	Export Turn Over
2010-11	383.08
2011-12	212.50
2012-13	84.68

The Company does not have any Foreign Exchange Collaboration

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

II. Information about the appointee: Mr. N. Rajagopal Pai

1. **Background details:** Mr. N. Rajagopal Pai is a qualified Chartered Accountant around 36 years of experience in M/s. Aspinwall & Company Limited, a reputed company. Out of this almost 9 years he worked there as CEO of the Company and having vast experience in the top management level. Other

previous professional assignments held by him are noted below;

President (2002-04)	–	Cochin Chamber of Commerce & Industry
President (2004-05)	–	Kerala Management Association
President (2002-06)	–	West Cost Employers Federation
President (2003-04)	–	Employer's Federation of South India
Trustee (1992-94)	–	New Mangalore Port Trust

2. **Past remuneration:** During the financial year 2012-13, he was paid Rs. 5.23 lacs as remuneration. Out of this Rs. 2.23 lacs paid for the period 17.12.2012 to 31.1.2013, in which he worked in the company as President Operations.
3. **Recognition or awards :** NIL
4. **Job Profile and his suitability :** As given in the point II (i) above
5. **Remuneration proposed :** As mentioned in the Explanatory statement of Item No. 8. Considering his vast experience, the remuneration proposed to Mr. N. Rajagopal Pai, is comparable with the prevailing market rates.
6. **Pecuniary Relationship :** Mr. N. Rajagopal Pai to the extent of remuneration received / receivable by him. He is holding 370 shares in the company as on 31.03.2013.

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. N. Rajagopal Pai to the extent of remuneration received / receivable by him is 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

Item No. 9

Over the years there has been tremendous growth in the company's activities including expansion and modernization. The increase in the activities of the company has put additional responsibilities and burden on the Managing Director and the Board of Directors of the company. And need was felt that some of this responsibility be shared by experienced directors / executives in the organization who can assist the MD and release the board from over burden in efficiently carrying out the functions of the general management and manufacturing activities of the company.

The board, in view of above, contemplate expansion of Board of Directors to 15.

Consequently, Article 75 of the Articles of Association of the Company is sought to be amended in the manner as set out in the resolution.

In terms of Section 259 of the Companies Act, 1956, the aforesaid amendment requires approval of the Central Government besides obtaining approval of the shareholders by passing a Special Resolution.

The Board recommends the resolution for approval. None of the Directors is, in any way, concerned or interested in this resolution.

By Order of the Board

For Sree Sakthi Paper Mills Limited

Sd/-

Place : Cochin -16 **Binu Alex V**

Date : 31.07.2013 (Company Secretary)

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 22nd Annual Report and the Audited Financial Statements of the Company for the year ended 31st March 2013

REVIEW OF OPERATIONS 2012-13

In a year of economic uncertainties, your company posted a modest performance in fiscal 2013. The company's production and sales were marginally better at 80553 MT (+2.6%) and 80796 MT (+3.5%) respectively. Revenue too increased 3.6% to Rs 205 cr. Nonetheless, profit margin came under pressure dragging the operating profit (EBITDA) to Rs 19 cr (-7.7%). Profit at the net level stood at Rs 4.69 cr (-29%). A noteworthy aspect of fiscal 2013 was that the company closed the year with just a day's stock of finished goods.

The boiler and power plant, commissioned towards the end of previous fiscal, stabilized during the year under review and produced 81.41 lacs units in the year catering to almost 28% of the total power requirement of the company's Kraft paper units at Edayar. This indeed helped the company to contain the power cost at the time of power restriction/cuts in the state of Kerala. Further, the Krima disperser system installed as part of modernization in last year helped the company to make spec free paper attracting the customers in high-end market.

The installation of krima disperser system at the paper mill and commissioning of the power plant in the previous year helped the company to achieve higher capacity utilization (78%) and better product quality in fiscal 2013. This also enabled the company to get a slightly better realization despite recessionary conditions in the market.

The Renewable Energy Project of the company was accredited by ANERT on 16th November 2012 and registered with Renewable Energy Certificate (REC) Registry on 12th December 2012. The company is eligible for benefits under REC with effect from the third quarter of fiscal 2013 and around 2000 certificates were accrued in the financial year, which has not been sold. The net profit of the company for the year end would have been higher by Rs. 20 lacs if REC Income where recognised as income at the floor price of Rs. 1500 fixed by the government.

DIVIDEND

Under the trying circumstances, your directors have recommended a dividend of 15% which yields an annual return of about 8% on the current market price of the company's share.

FINANCIAL PERFORMANCE

(Rs./Lacs)

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Revenue from operation	20509.29	19800.66
Other Income	56.20	36.65
Total Income	20565.49	19837.31
Operating Profit	1943.58	2105.89
Finance Cost	720.34	574.37
Depreciation & Amortisation	502.70	423.95
Profit before tax	720.54	1107.57
Provision for tax	251.42	447.24
Profit after tax	469.12	660.33
Balance of profit brought forward	431.87	272.69
Amount available for appropriation	900.99	933.02
Appropriation		
General Reserve	100.00	100.00
Proposed dividend & tax on dividend	288.44	401.15
Retained profit carried to Balance sheet	512.55	431.87

PROSPECTS

The company's performance in the first quarter of the current fiscal is satisfactory. With the renewable energy certificates (RECs), the company hopes to save energy cost besides improving the bottom line at the time of encashment of the RECs that have been accumulated since December 2012. Thus, barring unforeseen circumstances, your company expects to do better in the current year.

FINANCE

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

SUBSIDIARY COMPANIES

As of 31st March 2013 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. Steps are being initiated to implement the project with the assistance of Government / Private parties.

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

Mr. S. Sivathanupillai, relinquished his post as Chairman w.e.f 30/5/2013 and continues in the Board as Director of the company. The board records their appreciation for the valuable guidance and leadership rendered by Mr. S. Sivathanupillai as Chairman of the company since inception.

Mr. A.S. Unni, independent director elected as Chairman of the Board w.e.f 30/5/2013.

Mr. N. Ravidranathan ceased to be Director w.e.f 31/1/2013 upon resignation. Board records their appreciation for the valuable guidance and services rendered by Mr. N. Ravidranathan since inception of the company – especially in setting up of the Kraft Paper Unit 1 and 2 at Edayar and Duplex Board Unit at Chalakudy - as Director of the Company

Mr. N. Rajagopal Pai was appointed as an additional Director at the meeting of the board of Directors held on 31/1/2013. In accordance with the provisions of Companies Act, 1956 he would hold office of Director upto the date of ensuing Annual General Meeting. The Board also appointed him as Whole Time Director – operations of the company for a period of 15 months w.e.f 1/2/2013 to 30/4/2014. The Company has received a notice in writing from a member proposing the candidature of Mr. N. Rajagopal Pai for the office of the director along with a deposit as required under the Companies Act, 1956

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

AUDIT COMMITTEE

The Audit Committee of the Board consists following Independent Directors, viz., Mr. A.S. Unni, Mr. Deveshwer Kumar Kapila, Mr. N. Ravidranathan (upto 31/1/2013), Mr. U.G Bhat (w.e.f 30/5/2013) and Mr. S. Sivathanupillai, Non-Independent Director.

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.

COST AUDIT

Pursuant to the provisions of Section 233 B of the Companies Act 1956, the Central Government issued an order dated 3rd May 2011, by which audit of the Cost Accounts maintained by the Company has been made mandatory for every financial year commencing on or after 1st day of April 2011 through an auditor with the qualification prescribed in Section 233B (1) of the Companies Act, 1956. The Company has with the approval of Central Government appointed M/s. BBS & Associates, Cochin as Cost Auditors of the Company to conduct the audit of cost accounts maintained by the Company. The due date for filing the Cost Audit Reports is 30th September, 2013

FOREIGN EXCHANGE EARNINGS AND OUT-GO

During the year under review, the foreign exchange earned by the company by way of exports proceeds is Rs. 84.71 Lacs. The foreign exchange outgo for import purchases is Rs. 4878.95 lacs.

PARTICULARS UNDER SECTION 217

Conservation of Energy, Technology Absorption

Statement of particulars under section 217(1) (e) of the Companies Act, 1956 are annexed as Annexure - I

Particulars of Employees

None of the employees of the company coming under the provisions of section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

The Company's Equity Shares are listed with Bombay