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BOARD OF DIRECTORS

Mr. A. S. Unny (Chairman)
Dr. S. Rajkumar (Vice Chairman & Managing Director)
Mr. A. Padmanabhan (Executive Director)
Mr. N. Purushothama Prabhu (Director - Operations (w.e.f. 01.11.2013))
Mr. S. Sivathanu Pillai (Expired 25.06.2014)
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. R. Ponnambalam

AUDITORS

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

BANKERS

Federal Bank Limited
IDBI Bank Limited
Bank of India
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, Edyar, Aluva - 683 102
Tel: 0484-3002100, 2540622, 2555451
Fax: 0484-2555835

Duplex Board unit

Kanjirapilly, Pariyaram, Chalakudy, Thrissur - 680 721
Tel: 0480-3002100, 2746129, 2747529
Fax: 0480-2746410

**FINANCIAL HIGHLIGHTS (7 YEARS)**

(Rs. in Lacs)

| Particulars | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|-----------------------------|----------|----------|----------|----------|----------|----------|----------|
| Sales (Gross) | 11624.81 | 14416.14 | 14753.18 | 19081.81 | 20837.99 | 21766.94 | 21554.41 |
| Sales (Net) | 10638.30 | 13708.63 | 14152.04 | 18292.83 | 19792.31 | 20505.57 | 20306.81 |
| Total Income | 10729.89 | 13928.84 | 14312.82 | 18356.74 | 19837.31 | 20565.49 | 20443.01 |
| Profit before tax | 456.23 | 483.66 | 706.96 | 1052.75 | 1023.57 | 702.9 | 143.26 |
| Profit after tax | 302.46 | 331.79 | 464.43 | 701.33 | 660.33 | 469.12 | 116.08 |
| Earnings Per Share (Rs.) | 1.84 | 2.02 | 2.83 | 4.27 | 4.02 | 2.85 | 0.71 |
| Dividend Rate (%) | 15.00 | 15.00 | 18.00 | 21.00 | 21 | 15 | 6 |
| Reserve & Retained Earnings | 1844.55 | 1887.90 | 2010.77 | 2309.61 | 2568.79 | 2749.47 | 2750.18 |
| Share Capital | 1643.62 | 1643.62 | 1643.62 | 1643.62 | 1643.62 | 1643.62 | 1643.62 |
| Shareholders' Funds | 3488.17 | 3531.52 | 3654.39 | 3953.24 | 4212.41 | 4393.09 | 4393.08 |
| Fixed Assets(Gross Block) | 5756.44 | 6543.26 | 6918.93 | 7748.46 | 10357.61 | 10838.2 | 10985.32 |
| Fixed Assets (Net Block) | 4293.61 | 4772.94 | 4826.66 | 5287.67 | 7472.88 | 7451.11 | 7145.04 |



NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held on Tuesday 30th September, 2014 at 2.00 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 Statement of Profit and Loss for the year ended on 31st March, 2014 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To Declare Dividend on the equity shares for the year ended 31st March 2014.
3. To appoint a Director in place of Mr Subramoniam (DIN 01790968) who retires by rotation in accordance with section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Giridhar (DIN 00362916) who retires by rotation in accordance with section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

5. Appointment of Auditors

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

“RESOLVED THAT, pursuant to the provisions of Section 139 of the Companies Act, 2013 and other applicable provisions of the Act, if any and the Rules framed thereunder, as amended from time to time, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s Balan & Co, Chartered Accountants (ICAI Firm Regn. No.000340S) be and is hereby re-appointed as auditors of the Company, to hold office for a period of three (3) years, from the conclusion of this AGM to the conclusion of twenty sixth AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) at such remuneration plus service tax, out-of-pocket, travelling and living expenses etc, as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

6. Appointment of Mr. N. Purushothama Prabhu (DIN 00384830) as a Director and fixing his remuneration

To consider and if thought fit to pass with or without

modifications, the following as an Ordinary Resolution

“RESOLVED THAT, Mr. N. Purushothama Prabhu (holding DIN 00384830), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st November, 2013, in terms of Section 260 of the Companies Act, 1956 [corresponding to Section 161(1) of the Companies Act, 2013] and Article 82 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), the consent of the Company, be and is hereby accorded to the appointment of Mr. N. Purushothama Prabhu (holding DIN 00384830) as a Whole-time Director of the Company designated as “Director- operations” for a period of One (1) year effective from 7th November 2013 to 6th November 2014, on the terms and conditions of appointment and remuneration as detailed in the Explanatory Statement to this item annexed to this notice as per section 102 of the Companies Act, 2013, and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013 (corresponding to Schedule XIII to the Companies Act, 1956), as may be agreed to by the Board of Directors and Mr N Purushothama Prabhu (holding DIN 00384830).”

7. Appointment of Mr. Deveshwer Kumar Kapila (DIN 00030614) as an Independent Director

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

“RESOLVED THAT, pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory



modification(s) or re-enactment thereof for the time being in force) as read with Schedule IV to the Companies Act 2013, Mr. Deveshwer Kumar Kapila (holding DIN 00030614), Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an independent Director of the Company to hold office up to three consecutive years for a term up to the conclusion of the 26th Annual General Meeting of the Company in the Calendar year 2017, not liable to retire by rotation.”

8. Appointment of Mr. Uliar Gururaja Bhat (DIN 00353361) as an Independent Director

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

“**RESOLVED THAT**, pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) as read with Schedule IV to the Companies Act 2013, Mr. Uliar Gururaja Bhat (holding DIN 00353361), Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an independent Director of the Company to hold office up to three consecutive years for a term up to the conclusion of the 26th Annual General Meeting of the Company in the Calendar year 2017, not liable to retire by rotation.”

9. Appointment of Mr. A.S. Unny (DIN 00363027) as an Independent Director

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

“**RESOLVED THAT**, pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) as read with Schedule IV to the Companies Act 2013, Mr. A.S. Unny (holding DIN 00363027), Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an independent Director of the

Company to hold office up to Five consecutive years for a term up to the conclusion of 28th Annual General Meeting of the Company in the Calendar year 2019, not liable to retire by rotation.”

10. Appointment of Mr. Ayyadevara Rama Koteswara Rao (DIN 01246376) as an Independent Director

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

“**RESOLVED THAT**, pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) as read with Schedule IV to the Companies Act 2013, Mr. Ayyadevara Rama Koteswara Rao (holding DIN 01246376), Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as an independent Director of the Company to hold office up to the conclusion of the Annual General Meeting of the Company in the Calendar year 2015, not liable to retire by rotation.”

11. Approval of borrowing limit

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT**, pursuant to the provisions of section 180(1)(c) of the Companies Act 2013, the Rules made thereunder and its related and applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof) and in terms of Articles of Association of the Company, the Company hereby accords its consent to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company for borrowing any sum or sums of money, from time to time, whether in Indian rupees or foreign currency (including External Commercial Borrowings in foreign denominated currencies from any foreign source / countries as prescribed by guidelines, if any in this respect) from any one or more Company’s bankers and /or from any one or more persons, Company’s Directors, firms, Bodies Corporate, Financial Institutions, Banks or other acceptable source, whether by way of advances, deposits, loans, debentures, bonds or



other securities, whether convertible into equity/preference shares and/or securities with or without detachable warrants, with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to, Bank(s), Financial or other Institution(s), Mutual Fund(s), non-resident Indians, Foreign Institutional Investors or any other person(s), Body(ies) Corporate, etc and on such terms and conditions as the Board may deem fit, and such sum or sums of monies borrowed, which together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided such excess amount so borrowed by the Board shall not at any time exceed the limit of Rs 200 Crore (Rupees Two Hundred Crores only)."

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient."

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved ratified and confirmed in all respects".

12. Authorization under section 180(1)(a) of the Companies Act, 2013

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

"RESOLVED THAT, pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to mortgage and/ or create a charge/ lien in such form and manner and with such ranking as to priority and for such time and on such terms as the Board may determine, all or any of the movable and/ immovable, tangible and/ or intangible properties of the Company, both present and future and/ or the

whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and / or in Indian rupee) or against the issue of securities (comprising fully / partly convertible debentures or bonds or other debt instruments issued / to by the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, liquidated damages, commitment charges, all other costs, charges and expenses and all other monies payable by the company in terms of loan agreement(s) or any other document entered into / to be entered into between the company and the lender(s) in respect of the said loans / borrowings and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors and the lender(s).

"RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorized to finalise, settle and execute such documents / deed / writings / agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to create mortgage / charge as aforesaid and also to delegate all or any of the above powers to the committee of directors or the Managing Director of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.

14. Approval for related party transactions

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to enter into the related party transactions by the Company with the respective related parties and for the maximum amounts per annum for the financial year 2014-2015 as mentioned herein below:



| Sl. No. | Name of the Party | Nature of transaction to be entered by the company | Maximum limit in Rs |
|---------|--|--|---------------------|
| 1 | Dr. S. Rajkumar | Availing Lease of Building | 15 Lacs |
| 2 | S. Subramoniam | Availing Lease of Building | 4.50 Lacs |
| 3 | A. Padmanabhan | Availing Lease of Building | 6 Lacs |
| 4 | A. Ganesh | Availing Lease of Building | 1.50 Lacs |
| 5 | Shri Kailash Logistics Limited | Availing Lease of Building | 4 Lacs |
| 6 | Shri Kailash Logistics Limited | Availing freight services | 400 Lacs |
| 7 | Sree Sakthi Constructions and Infrastructure Ltd | Availing services - civil works for maintaining factory premises | 35 Lacs |
| 8 | Maharaj Continental Trades Limited | Payment of sales commission | 300 Lacs |
| 9 | Sree Giri Packagings Limited | Purchase of waste paper i.e raw materials | 5000 Lacs |
| 10 | Verizon Industrial Aids Limited | Purchase of raw materials | 1500 Lacs |

14. To re-appoint Dr. S. Rajkumar (DIN 01790870) as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company, be and is hereby accorded to the re- appointment of Dr. S. Rajkumar (holding DIN 01790870) as Managing Director of the Company for a period of One (1) year effective from 14th August 2014 to 13th August 2015, on the terms and conditions of appointment and remuneration as detailed in the Explanatory Statement to this item annexed to this notice as per section 102 of the Companies Act, 2013, and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013 (corresponding to Schedule XIII to the Companies Act, 1956), as may be agreed to by the Board of Directors and Dr. S. Rajkumar (holding DIN 01790870).”

By order of the Board of Directors

For Sree Sakthi Paper Mills Limited

Sd/-

Cochin -16
14th August 2014

R. Ponnambalam
Company Secretary

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE, AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- The instrument appointing proxy (duly completed, stamped and signed) in order to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the 23rd Annual General Meeting of the company.
- Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of Board Resolution on the letterhead of the Company, signed by one of the Directors or Company Secretary or any other authorized signatory and / or duly notarized Power of Attorney, authorizing their representatives to attend and vote on their behalf at the Meeting.
- With effect from 1st April 2014, inter alia, provisions of Section 149 of Companies Act, 2013 has been brought into force. In terms of the said section read with section 152 (6) of the Act, the provisions of retirement by rotation are not applicable to Independent Directors. Profile of directors seeking re-appointment as stipulated in terms of Clause 49 of the listing agreement with the stock exchanges is provided in the report on corporate governance, which forms an integral part of this annual report.
- The Register of Members and Share Transfer books of the Company will remain closed from 23-9-2014 to 30-9-2014 (both days inclusive).**



6. Shareholders are requested to bring their copy of the Annual Report to the meeting.
7. Members/Proxies should fill the attendance slip for attending the Meeting.
8. The information on the Directors appointment or re-appointment is provided as per Clause 49 of the Listing Agreement and is given in the Corporate Governance Section of this Annual Report.
9. Members who hold shares in dematerialized form are required to write their client ID and DPID numbers, and those who hold shares in physical form are requested to write their Folio number in attendance slip for attending the meeting.
10. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government Unclaimed/unpaid dividend amount 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 year 2006-07 to 2012-13 may lodge a claim with the Company immediately especially relating to the year 2006-07 as the unpaid dividend for the said year is due to be remitted into I.E.P Fund by 27th October 2014 .
- 11 Shareholders holding shares in physical form under multiple folios are requested to send Company's Register and Share Transfer Agent details of such folios together with the Share Certificate for consolidate their holdings in a single folio so as to enable us to serve them in a better, most efficient and effective manner. The Share Certificate will be returned to the Members after making the requisite changes, thereon.
- 12 SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with a photocopy of both sides of the PAN card, duly self attested, to the Registrar and Share Transfer Agents of the Company, M/s. Bigshare Services Pvt. Ltd.
- 13 Pursuant to Rule 18(3) of the Companies (Management and Administration) Rules,2014, you are requested to provide your e-mail id to facilitate easy and faster dispatch of Notices of the general meetings and other communications by electronic mode from time to time.
- 14 The Ministry of Corporate Affairs has taken a Green initiative in Corporate Governance by allowing paperless compliances by companies through electronic mode. We propose to send all future communications, in electronic mode to the email address provided by you. So, shareholders whose email address is not registered with us are requested to please get your email address registered with us, so that your company can contribute to the safety of environment.
- 15 All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 am to 6.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
- 16 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 30-09-2014.
In respect of the shares held in dematerialised 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.
- 17 The Explanatory Statement as required under section 102 of the Companies Act, 2013 in respect of Special Business(s) is attached herewith.

By order of the Board of Directors

For Sree Sakthi Paper Mills Limited

Sd/-

Cochin -16
14th August 2014

R. Ponnambalam
Company Secretary

**(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. Subramoniam | 28.05.1957 | 03.08.1995 | 333944 |
| Qualification Graduation | | | |
| Experience More than 25 years experience in cement and transport business. He is in the Board of the Company since 1995 | | | |
| Details of Directorship Sree Sakthi Paper Mills Ltd, Sree Sakthi Constructions & Infrastructure Ltd, Shri Kailash Logistics Ltd | | | |
| Status in other Board Committees of the company Project Finance Committee Member | | | |
| Relationships between directors inter-se Son of Mr. S. Sivathanupillai(deceased)& Mrs. E. Kamalam& Brother of Dr.S. Rajkumar, Mr.S.Giridhar, Directors of the Company | | | |

| Name of Director | Date of Birth | Date of Appointment | Share holding in the Company (Nos.) |
|---|---------------|---------------------|-------------------------------------|
| Dr. A.R.K. Rao | 10.01.1941 | 29/06/2006 | 100 |
| Qualification Bachelor of Technology (Chemical Engineering) from Osmania University, Hyderabad in 1963. Master of Engineering from Indian Institute of Science, Bangalore in 1965 Ph.D in Chemical Engineering from University of Ottawa, Canada in 1970. | | | |
| Experience Dr. A.R.K. Rao has been working as Consultant to Pulp, Paper and Newsprint Industry since 2001 after his superannuation as CMD of The Hindustan Paper Corporation Ltd. Presently he is technical advisor to Bank Note Paper Mill India (P) Ltd and Seshasayee Paper and Boards Ltd. He started his carrier in 1973 with The Andhra Pradesh Paper Mills Ltd and served the Pulp and Paper industry as an employee for over 28 years working in various Capacities in Central Pulp and Paper Research Institute, Saharanpur, in Seshasayee Paper And Boards Ltd., Erode, in The Mysore Paper Mills Ltd., Bhadravathi and in Hindustan Paper Corporation Ltd, New Delhi. He was also active in research in all fields of Pulp & Paper and has to his credit about 45 publications in reputed international Journals. Best paper award was presented to him By Indian Pulp and Paper Technical Association on Four occasions. During his service, he has won various Honours and awards of which worthy of special mention are (1) Southeast Asia Delegate in 1988 to attend 42nd Annual general meeting of Technical Association of Australia & Newzeland pulp and paper Industry at Hobart, Australia, (2) As a faculty of UNEP work shops at Hangjhou, China, Quezon City Philippines, Bangalore and Delhi, (3) Honoured for Technical Contribution by Indian Paper Mills Association and Indian Pulp and Paper Technical association. He contributed to "Bureau of Indian Standards" for nearly 10 years as Chairman of Committee on Standards for Pulp paper and Allied products to set technical Standards for Indian paper Industry and its products. He has also been active in Professional Associations and was President, Indian Pulp and Paper Technical Association for the Years 1998 & 1999 and President of Newsprint manufacturers association for two Years, 1997-98 and 1998-99. He is also serving with Confederation of Indian Industry on Panels of Judges for Energy and Environment Awards. | | | |
| Details of Directorship At present: SreeSakthi Paper Mills Ltd Earlier: Chairman-Cum-Managing Director, Hindustan Paper Corporation Ltd (H.P.C) from Apr 1996 to Jan 2001. In this position he had also functioned as Chairman of Subsidiary companies of H.P.C Viz, Hindustan Newsprint Ltd and The Mandya National Paper Mills Ltd., Director (Operations) of The Mysore Paper Mills Ltd from Apr 1993 to Apr 1996. | | | |
| Status in other Board Committees of the company Member - Nomination and Remuneration Committee | | | |
| Relationships between directors inter-se Not related to any other directors of the Company | | | |



| Name of Director | Date of Birth | Date of Appointment | Share holding in the Company (Nos.) |
|--|---------------|---------------------|-------------------------------------|
| Mr. Deveshwer Kumar Kapila | 03.05.1951 | 02.02.2006 | 50 |
| Qualification Chartered Accountant | | | |
| Experience Practicing Chartered Accountant for more than 37 years. Senior most and founder partner of M/s. Jain Kapila Associates, Chartered Accountants, New Delhi, having experience of conducting attestation / audit of extralarge PSU's, PSB's, FI's and private sector companies. He was central government nominee director in Bank of India, National Insurance Company Ltd for several years. He has been associated with various study groups and panels of ICAI to draft AS for disclosures in the Financial Statements of Banks and FI's, to review Third Schedule of Banking Regulation Act, 1949, prepare Guidance Note on concurrent audit in Banks, etc. He is a fellow member of ICAI and Honorary Treasurer of Indian Institute of Public Administration (IIPA), Delhi Regional Branch for last ten years. | | | |
| Details of Directorship At present : Sree Sakthi Paper Mills Ltd, Budge Budge Company Ltd | | | |
| Earlier : Nominee director in Allahabad Bank (July 2005 to June 2011), Bank of India (April 2002 to April 2005), National Insurance Company Ltd (Aug 2007 to Aug 2010), J.K.Cotton Spg & Wvg. Mills Co. Ltd, Nepa Ltd, Budge Budge Company Ltd | | | |
| Status in other Board Committees of the company Member - Audit committee / Nomination and Remuneration Committee | | | |
| Relationships between directors inter-se Not related to any other directors of the Company | | | |

| 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 Member of Audit Committee / Nomination and remuneration Committee/Shareholders Relationship Committee | | | |
| Relationships between directors inter-se Son of Mr. S. Sivathanupillai (Deceased) and Mrs. E. Kamalam and brother of Dr. 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. GururajaBhat | 15.04.1938 | 29.08.2005 | 50 |
| Qualification Graduate in Science & Mathematics and Degree in Mechanical Engineering | | | |
| 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 Member of Nomination and Remuneration committee & Audit Committee /Shareholders Relation ship Committee | | | |
| Relationships between directors inter-se Not related to any other directors of the Company | | | |

| Name of Director | Date of Birth | Date of Appointment | Share holding in the Company (Nos.) |
|---|---------------|---------------------|-------------------------------------|
| Mr. A S Unny | 29.01.1933 | 01.02.1993 | 20,000 |
| Qualification Chartered Accountant and Company Secretary | | | |
| Experience 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 | | | |
| Details of Directorship in other companies Shri Kailash Logistics Ltd, Shri Kailash Logistics (Chennai) Ltd | | | |
| Status in other Board Committees of the company Member Audit Committee, Nomination and Remuneration Committee/Shareholders Relationship Committee | | | |
| Relationships between directors inter-se Not related to any other directors of the Company | | | |



EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.6

With a view to professionalize and broad base the Board, the Board of Directors at its meeting held on 31-10-2013 has appointed Mr. N. Purushothama Prabhu (holding DIN 00384830) as an additional director in accordance with the provisions of Section 161 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. Further the Board has resolved to appoint him as a Whole-time director designated as Director (Operations) for a period of 1 (One) year with effect from 7th November, 2013 to 6th November 2014 subject to receipt of approval from the members of the Company. His remuneration had also been fixed and recommended by the Remuneration Committee (constituted by the Board) at its meeting held on 31-10-2013 in accordance with the provisions of Schedule XIII of Companies Act, 1956

The terms and conditions of his appointment are as under:

- 1 **Tenure of Office** One year effective from 7th November, 2013 to 6th November, 2014
- 2 **Salary** Rs. 1,50,000/- (Rupees One Lakh and fifty thousand) per month (All inclusive)
- 3 **Perquisites** Provision of Car for official use (perquisite shall be evaluated as per income-Tax rules 1962 wherever applicable)
- 4 Where in any financial year the Company has no profits or profits are inadequate the minimum remuneration payable to the whole time director – 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

Abstract of terms of Appointment of Mr. N. Purushothama Prabhu as whole-time director-Director (operations) of the Company as required under section 302 of Companies Act, 1956 has been forwarded to the members on 20-11-2013

Information required to be disclosed in terms of the Schedule XIII of 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 of 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 at Chalakudy in 1995
- 3 In case of new Companies expected date of commencement of activities as per project Approved by financial appearing in the Prospectus - NOT APPLICABLE
- 4 Financial Performance (Rs. in lacs)

| Particulars | 2011-12 | 2012-13 | 2013-14 |
|------------------------------------|----------|----------|----------|
| Gross Sales | 20837.99 | 21766.94 | 21554.41 |
| Net sales | 19792.31 | 20505.57 | 20306.81 |
| Profit before tax and Depreciation | 1531.52 | 1223.24 | 635.33 |
| Profit before tax | 1023.57 | 702.90 | 143.26 |
| Profit after tax | 660.33 | 469.12 | 116.08 |
| Rate of Dividend (%) | 21 | 15 | 6 |

The effective capital of the Company based on the Audited Accounts for the year ended 31-03-2014 is Rs 61.85 crores

The Company has not made any default in the repayment of its debts (including public deposits) or debentures or interest payments thereon for a continuous period of 30 days in the preceding financial year

- 5 Foreign investments or collaborations - The Company do not have any foreign investments or collaborations

II Information about the appointee:

Mr. N. Purushothama Prabhu

- 1 **Background details** : Mr. N. Purushothama Prabhu is an engineering graduate having nearly 39 years working experience in Paper Mills- of which 20 years in Hindustan Newsprint Ltd in various positions and as Managing director from January 2002 to July 2009 and in the Mysore Paper Mills Ltd as Director (operations and Marketing) from July 2009 to March 2013 till joining this Company as Chief of Operations. He was appointed as Additional Director from



31-10-2013 and whole time Director - designated Director (Operations) for a period of one year from 7-11-2013

- 2 **Past Remuneration:** During the financial year 2013-14. He was paid Rs. 15.43 lacs as remuneration out of which Rs.8.42 lacs paid for the period 1-4-2013 to 6-11-2013 in which he worked in the Company as Chief (Operations)
- 3 Recognition or awards - NIL
- 4 **Job Profile and his suitability :** As given above under point II (1 - Background details)
- 5 **Remuneration proposed :** As mentioned above in the Explanatory statement of the item no. 6. Considering his vast experience the remuneration proposed to Mr.N.Purushothama Prabhu is comparable with the prevailing market rates.
- 6 **Pecuniary Relationship :** Mr. N.Purushothama Prabhu to the extent of remuneration received/receivable by him. He is holding shares in the Company towards Directors qualification shares

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 Companies Act, 1956 (corresponding Schedule V of Companies Act, 2013) is incorporated in the Directors report and Corporate Governance Report as the case may be forming part of the Annual Report

Accordingly, the proposed resolution is placed before the shareholders for their approval.

None of the Directors other than Mr. N. Purushothama Prabhu (to the extent of remuneration received / receivable by him) or the Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution

Item 7 to 10:

Your Board is of the opinion that all of the above Independent Directors fulfill the conditions specified in the Act for appointment as Independent Directors of the Company. Details in respect of directors who are proposed to be appointed as Independent Directors, are furnished in the Corporate Governance section of the Annual Report. All are eminent personalities in their respective fields. Your Board considers that their continued association with the Company would be of immense benefit to the Company. In view thereof, your Board has recommended them to be classified as Independent Directors.

The classification of the aforementioned directors also as Independent Directors pursuant to Section 149 of the Companies Act, 2013 read with Rules made thereunder, with their respective term of office to be for respective periods as mentioned in the resolutions years with effect from this Annual General Meeting.

Concerned Directors are interested in their respective resolutions being related to their own appointments. Other than the aforesaid, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions as set out in item Nos. 7 to 10 of the accompanying notice. None of the directors are related inter se to each other.

This explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchange.

Item No: 11 & 12

In order to meet the requirements of Section 293 (1) (d) and 293 (1) (a) of the Companies Act, 1956 the shareholders had, in the 14th Annual General Meeting held on 29-8-2005 authorized the Company to borrow sums in excess of paid capital and free reserves of the Company subject to a ceiling of Rs100 crores. (other than temporary borrowings).

Section 180 of the Companies Act, 2013 (notified as on September 12, 2013) mandates that the aforementioned powers of the Board shall be exercised only through Special Resolution passed in the meeting of shareholders as compared to the requirement of ordinary resolution under the previous Act. Further the Ministry of Corporate Affairs vide its circular no.04 /2014 dated 25-03-2014 have stated that the resolution passed under section 293 of the Companies Act, 1956, prior to 12-09-2013 with reference to borrowings (subject to the limits prescribed) and / or creation of security on assets of the company will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of section 180 of the Act.

Consequently, the Board recommends to the shareholders to pass a special resolution under Section 180(1)(c) and Section 180(1)(a) of the Companies Act, 2013, increasing the the borrowing limits already approved by way of general resolution passed earlier, to Rs.200 lakhs in order meet any future requirements. Accordingly, the proposed resolution is placed before the shareholders for their approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution

**Item No : 13**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party

| | | |
|---|---|--|
| 1 | Sale, purchase or supply of any goods or materials | exceeding 10% of the turnover of the Company |
| 2 | Selling or otherwise disposing of, or buying, property of any kind | exceeding 10% of the net worth of the Company |
| 3 | Leasing of property of any kind (whichever is lower) | exceeding 10% of the networth; or exceeding 10% of turnover of the company |
| 4 | Availing or rendering of any services directly or through appointment of Agent | exceeding 10% of turnover or; Rs.50 crores which ever is lower |
| 5 | Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and | Monthly remuneration exceeding Rs. Two and half lakhs |
| 6 | Remuneration for Underwriting the subscription of any securities or derivatives thereof, of the Company | exceeding 1% of net worth. |

In the light of provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties (as defined under section 2(76) of the Companies Act, 2013)

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and in case of the Company, prior approval of the shareholders by way of a Special Resolution must be obtained in case of transactions

- (1) Name of the Related Party:
- (2) Name of the Director or Key Managerial Personnel who is related, if any: As provided in table below
- (3) Nature of Relationship:
- (4) Nature, material terms, monetary value and particulars of the contract or arrangement: The details are as mentioned below

| Sl. No. | Name of the party | Type of relationship | Nature of transaction | Amount already Incurred (Rs) |
|---------|--|---|---|------------------------------|
| 1 | S.Rajkumar | Managing Director | Lease of Building | 352500 |
| 2 | S.subramoniam | Director | Lease of Building | 105000 |
| 3 | A. Padmanabhan | Wholetime Director | Lease of Building | 150000 |
| 4 | A.Ganesh | Relative of Director | Lease of Building | 30000 |
| 5 | Shri Kaiash Logistics Ltd | Company in which Directors hold more than 2% interest | Lease of Building | 90000 |
| 6 | Shri Kailash Logistics Ltd | Company in which Directors hold more than 2% interest | Availing of freight services | 6660535 |
| 7 | Sree Sakthi constructions And infrastructure Ltd | Company in which directors hold more than 2% interest | Availing services civil works for factory maintenance | 142446 |
| 8 | Maharaj continental Trades Ltd | Company in which directors hold more than 2% interest | Payment of sales Commission | 4940571 |



| | | | | |
|----|---------------------------------|--|---------------------------|----------|
| 9 | Sree Giri Packagings Ltd | Company in which relative of Directors hold more than Paper – Raw Material 2% interest | Purchase of Waste | 92426450 |
| 10 | Verizon Industrial Aids Limited | Company in which relative of Director hold more than 2% interest | Purchase of Raw materials | 2876390 |

| Sl. No. | Proposed Amount Per annum(Rs) | Directors interested in the contract | Relatives of said Directors Who will be deemed To be interested | KMP; sand relative of KMP si |
|---------|-------------------------------|--|---|------------------------------|
| 1 | 15 Lacs | S. Rajkumar | --- | --- |
| 2 | 4.5 Lacs | S. Subramoniam | --- | --- |
| 3 | 6 Lacs | A. Padmanabhan | --- | --- |
| 4 | 1.5 Lacs | A. Padmnabhan | --- | --- |
| 5 | 4 Lacs | (1) Dr S.Rajkumar (2) Sri A.Padmanabhan | --- | --- |
| 6 | 400 Lacs | | | |
| 7 | 35 Lacs | (1) Sri S.Rajkumar (2) Sri A.Padmanabhan (3) Sri S.subramaniom | --- | --- |
| 8 | 300 Lacs | Sri A. Padmanabhan | | |
| 9 | 5000 Lacs | 1 Dr S. Rajkumar 2 Sri A. Padmanabhan | --- | --- |
| 10 | 1500 lakhs | Sri A. Padmanabhan | A.Ganesh (Brother) | |

The Company is in existence more than twenty years and major related party transactions developed over the years are generally with its associates. The related party transactions are entered into based on consideration of various business exigencies such as synergy in operations and sale and transport of finished goods and also keeping in view of Company's long term strategy for assured supply of raw material-waste paper and despatch of finished goods without any hindrance

The respective agreements are negotiated on arm's length basis and are intended to further the Company's interests. The Board had considered all relevant factors in entering into the arrangements

The Copies of the above mentioned existing agreements shall be available for inspection by the members at the Registered Office of the Company during the normal business hours (10 am to 5 pm) on all working days (except Saturdays) upto the date of Annual General Meeting of the Company.

The members are further informed that no member/s of the Company being a related party or having any interest in the contract or arrangement as set out at item No. 13 shall be entitled to vote on this special resolution.

The Board of Directors recommends the resolution set forth in item No. 13 for approval of the Members.

Except the Directors and their relatives (to the extent of their interest in each contract as specified above), no other director or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in passing of this resolution.

Item 14

Dr. S. Rajkumar is Managing Director of the Company since inception and his last tenure of appointment was for a period of 3 years wef 11.7.2011 to 10.7. 2014. At the meeting of Board of directors of the company held on 30th May 2014, it was decided to reappoint Dr. S. Rajkumar as Managing Director for further period from



the expiry date of the present tenure. The Nomination and Remuneration Committee of the Board was requested to approve and recommend the remuneration payable to Dr. S. Rajkumar

The Nomination and Remuneration Committee had met on 14-8-2014 and after evaluating as required under the provisions of new Companies Act, 2013 has recommended the re appointment of Dr S. Rajkumar as Managing Director for a period of one year from 14th August 2014 and recommended the same remuneration and on terms and conditions as before in terms of provisions of Schedule V of Companies Act 2013 (corresponding to Schedule XIII of Companies Act 1956) Since the effective date of appointment is from 14/8/2014 and as the Board had decided earlier to reappoint Dr. S. Rajkumar as Managing director from the expiry of previous tenure i.e from 11-7-2014 and as he was acting from this period, additional remuneration calculated on the basis of previous salary was also recommended by the Committee for the period from 11-7-2014 to 13-8-2014

The Committee had further resolved that necessary resolution be passed in the General meeting of shareholders in accordance with the provisions of Schedule V of Companies Act, 2013.

Term and conditions and conditions of his appointment are as under;

- 1 Tenure of office** : One year wef 14/8/2014 to 13/8/2015
- 2 Salary (a)** : Rs. 2,00,000/- (Rupees Two lakhs) per month from 14th August 2014 to 13th August 2015
- (b)** : Additional remuneration sanctioned for the period 11/7/2014 to 13/8/2014 Calculated on the basis earlier tenure of appointment

3 Perquisites

- a) House rent allowance : Rs. 95000/- per annum
- b) Personal accident insurance for an amount of the annual premium which does not exceed Rs.48000/-
- c) Reimbursement of actual medical expenses not exceeding Rs.50,000/- per month within the overall limit of Schedule V of the Companies Act, 2013.
- d) Gratuity Payable shall not exceed half month's salary for each completed year of service

- e) Provision for car for use on Company business and telephone at residence

Perquisites shall be evaluated as per Income Tax Rules, 1962 wherever applicable

- 3 Where in 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 V of the Companies Act, 2013

Information required to be disclosed in terms of Schedule V to the Companies Act 2013

1 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 of 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 at Chalakudy in 1995

- 3 In case of new Companies expected date of commencement of activities as per project

Approved by financial appearing in the Prospectus - NOT APPLICABLE

- 4 Financial Performance (Rs. in lacs)

| Particulars | 2011-12 | 2012-13 | 2013-14 |
|------------------------------------|----------|----------|----------|
| Gross Sales | 20837.99 | 21766.94 | 21554.41 |
| Net sales | 19792.31 | 20505.57 | 20306.81 |
| Profit before tax and Depreciation | 1531.52 | 1223.24 | 635.33 |
| Profit before tax | 1023.57 | 702.90 | 143.26 |
| Profit after tax | 660.33 | 469.12 | 116.08 |
| Rate of Dividend (%) | 21 | 15 | 6 |

The effective capital of the Company based on the Audited Accounts for the year ended 31.03.2014 is Rs 61.85 crores

The Company has not made any default in the repayment of its debts (including public deposits) or debentures or interest payments thereon for a continuous period of 30days in the preceding financial year

- 5 Foreign investments or collaborations - The Company do not have any foreign investments or collaborations

**II Information about the appointee:****Dr. S. Rajkumar****1 Background details**

Dr. 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 the 3rd unit at Edayar which commenced commercial production in the year 2007. For setting up this 3rd unit he has successfully mobilised Funds through public issue of shares and Company's shares were listed in BSE. Dr S. Rajkumar is 55 years old and has wide experience in marketing management and administration and has in depth knowledge of Paper Industry. Over the last 22 years he has steered the Company successfully and consistently made profits even when the Paper industry is facing depressed conditions by adopting cost contral measures. 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

- (1) Shri Kailash Logistics Ltd
- (2) Sree Sakthi Construction and Infrastructure Ltd
- (3) 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 2013-2014 he was paid the following remuneration

| Particulars | Rs./lakhs |
|----------------------|--------------|
| Salary | 24.00 |
| House rent Allowance | 11.40 |
| Total | 35.40 |

3 Recognition or awards

Dr S. Rajkumar was honoured with Outstanding Entrepreneurship Award by Kerala State Industrial

Development Corporation Ltd (KSIDC) on the occasion of Golden Jubilee celebrations in 2011. He also have been awarded with First P.K. Ittoop Memorial Award for Industry.

4 Job Profile and his suitability - As given in the point II (1) above

5 Remuneration proposed - As mentioned in the Explanatory statement of Item no.15. Considering his vast experience and the services rendered as Managing Director of the Company since its inception, the remuneration proposed to Dr. S. Rajkumar, the Managing Director is comparable with the prevailing market rates.

6 Pecuniary Relationship : Dr. S. Rajkumar to the extent of remuneration received/ receivable by him. All transactions with related parties as disclosed at point of Schedule 26 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 Companies Act, 1956 (corresponding Schedule V of Companies Act, 2013) is incorporated in the Directors report and Corporate Governance Report as the case may be forming part of the Annual Report

Dr. S. Rajkumar to the extent of remuneration received/ receivable by him and Mr.S.Subramoniam, Mr.S.Giridhar, and Mrs E.Kamalam and Mr. A.Padmanabhan being related to Dr. S. Rajkumar interested in the resolution mentioned in item no.14 of the notice.

None of the other directors of the other directors of the Company is in any way concerned or interested in the resolution

Accordingly, yours Directors recommend this resolution for your approval

By order of the Board of Directors
For Sree Sakthi Paper Mills Limited

Sd/-

Cochin -16
14th August 2014

R. Ponnambalam
Company Secretary

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their 23rd Annual Report and the Audited Financial Statements of the Company for the year ended 31st March 2014

REVIEW OF OPERATIONS 2013-14

In the year under review, while the Duplex Board unit maintained almost the same production as in last year, the Kraft paper unit at Edayar operated in an uncertain environment affected by machinery breakdown, stoppage by power interruptions and process related problems and thereby total production for the year was 77454Mt a short fall of Rs.2800 Mt compared to last year's production. Revenue too decreased to Rs 116.08 lakhs from Rs 469.12 lakhs

The market is sluggish which hindered much from increasing sales price in consonance with increase in cost of production due to increase in cost of imported raw material on account of Dollar exchange rate. There was a loss of Rs.62 lakhs towards foreign currency fluctuation

The expected savings /benefits in power cost from Boiler and power plant operations could not be achieved as there were frequent outage due to refractory failure/repair.

As accredited by ANERT, the company is eligible for benefits under REC with effect from the third quarter of fiscal 2013 and around 8000 certificates were accrued in the financial year and 2800 certificates sold.

The net profits of the Company for the year end would have been higher by Rs.106.5 lakhs if REC income were recognized on the unsold stock (including opening stock) of REC certificates (7100) as income at the floor price of Rs 1500/- fixed by Government

DIVIDEND

Your directors, despite cash constraint, have recommended a dividend of 6% ie Rs,0.60 per equity share for the financial year ended 31-3-2014.

The dividend payout for the year under review has been formulated in accordance with shareholders aspirations and the Company's policy to pay uninterrupted dividend

EXPORT PERFORMANCE

Your company exported 471 MT of paper and paper boards during the year as compared to 298 Mt during the previous year. The export amounted Rs.129.74 lacs as against Rs 78.39 lacs in the previous year.

PROSPECTS

The company's performance in the first quarter of the current fiscal is not satisfactory due to the maintenance/

FINANCIAL PERFORMANCE*(Rs./Lacs)*

| Particulars | For the year ended 31.03.2014 | For the year ended 31.03.2013 |
|--|-------------------------------|-------------------------------|
| Sales (Gross) | 21554.41 | 21743.16 |
| Less : Excise Duty | 1247.6 | 1261.37 |
| Sales (Net) | 20306.81 | 20481.79 |
| Operating Profit | 1320.9 | 1938.56 |
| Interest and Finance | 685.57 | 715.32 |
| Depreciation | 489.9 | 502.70 |
| Profit before tax | 145.43 | 720.54 |
| Provision for tax | 29.35 | 251.42 |
| Profit after tax | 116.08 | 469.12 |
| Balance of profit brought forward | 512.55 | 431.87 |
| Amount available for appropriation | 628.63 | 900.99 |
| Appropriation | | |
| General Reserve | 0.00 | 100.00 |
| Proposed dividend & tax on dividend | 115.38 | 288.44 |
| Retained profit carried to Balance sheet | 513.25 | 512.54 |

shut of the Power plant . With the completion of Annual maintenance the Company is expecting to improve production at Edayar plant at least by 10% to 15% in the ensuing quarters. This will result in better efficiencies of operation. With the renewable energy certificates (RECs) the Company hopes to save energy cost besides improving the bottom line by encashment of RECs that are accumulated. 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.

During current year the Company has raised share capital by an amount of Rs 10 (Ten)crores by way of allotment of 1 (one) crore 11.25% Non convertible Cumulative Redeemable preference shares of Rs.10/- each to Kerala State Industrial Development Corporation Limited.

SUBSIDIARY COMPANIES

As of 31st March 2014 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

With deep regret we report the sad demise of Sri. S. Sivathanu Pillai Founder Director and Chairman of the Company on 25th June 2014. The Board records their deep appreciation for the valuable guidance and leadership rendered by Sri. S. Sivathanu Pillai as Director/Chairman of the Company since inception.

In terms of Article 83 of the Articles of Association of the Company, Mr. S. Subramonian Director and Sri. S. Giridhar Director retire on rotation, and being eligible offer themselves for re-appointment.

Sri.N. Rajagopal Pai, Whole-time Director, Operations resigned from Board with effect from 31-10-2013

Sri. N. Purushothama Prabhu was appointed as Additional Director at the meeting of the Board of Directors held on 31-10-2013. 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 one year w.e.f. 7-11-2013 to 6-11-2014. The Company has

received a notice in writing from a member proposing the candidature of Mr. N. Purushothama Prabhu for the office of the Director along with a deposit as required under the Companies Act 2013

Sri. A.S. Unny, Sri. D.K. Kapila, Sri. U.G. Bhat, and Dr. A.R.K. Rao were appointed as Independent Directors under Clause 49 of Listing Agreement and will retire at the ensuing Annual General meeting. The Company has received requisite notices in writing from members proposing Sri. A.S. Unny, Sri. D.K. Kapila, Sri. U.G. Bhat and Dr. A.R.K. Rao for appointment as Independent Directors.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed both under sub section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Bombay Stock Exchange.

AUDIT COMMITTEE

The Audit Committee of the Board was reconstituted on 30-5-2014 and consists of Non-Executive Independent Directors Viz: Sri. A.S. Unny, Sri. Deveshwer Kumar Kapila, Sri. U.Gururaja Bhat and Sri. S. Giridhar Non Independent Director

SHAREHOLDERS RELATIONSHIP COMMITTEE

Composition of the Committee

Sri A.S. Unny Independent Director

Dr S. Rajkumar Managing director

Sri U.G. Bhat Independent Director

Sri S.Giridhar Non Executive/
Non Independent Director

As required under the provisions of Companies Act, 1956, the 'Shareholders Relationship Committee' was constituted by the Board on 30-5-2014 after dissolution and merging 'Investors grievance Committee'. The 'Shareholder's Relationship Committee' is primarily responsible to consider and review all matters connected with the Company's transfer of securities and redressal of shareholders/investors/security holders' complaints and resolve the grievances of security holders of the Company.

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 139 and 141 of Companies Act 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. 129.74 Lacs. The foreign exchange outgo for the company for import purchases - Rs.4967.26 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. Details of managerial remuneration are disclosed in Notes on Accounts – Schedule 23 (Point No. 2) forming part of the Annual Report.

CORPORATE GOVERNANCE

The Company's Equity Shares are listed with Bombay Stock Exchange. The Company has implemented all the mandatory provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance. The Report on Management's Discussion and Analysis and Report on Corporate Governance are forming part of Directors' Report and are annexed as Annexure -II and Annexure – III. As required by the Listing Agreement, an Auditors' Certificate on Corporate Governance and a Declaration by the Vice Chairman and Managing Director with regard to Code of Conduct are attached to the said Report. Further, as required by Clause 49 of the Listing Agreement, a Certificate, duly signed by the Vice-Chairman and Managing Director and General Manager–Finance, was submitted to the Board of Directors on the financial statements and cash flow statement of the Company for the year ended March 31, 2014 at the Meeting held on May 30, 2014.

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 2014 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 2014 on a 'going concern' basis.

ACKNOWLEDGEMENT

The Board places on record, its appreciation for the co-operation and support received from shareholders, customers, suppliers, employees, government authorities and banks.

By and on behalf of the Board of Directors

Sd/-

Cochin -16
Date :14/8/2014

A.S. Unny
CHAIRMAN



ANNEXURES TO THE DIRECTORS' REPORT

Annexure - I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

CONSERVATION OF ENERGY:

(a) Energy conservation measures taken :

At Kraft Paper Units

- Power factor improvement – we had added additional capacitors of 150 Kvar and improved the power factor from 0.95 to 0.97
- Unutilised 400 W mercury vapour lamps replaced with 150 W metal halide lamps and tube lights
- Installed VF drive for middle layer fan pump and saved around 78578 units

At Duplex Board Unit

- Bottom layer Turbo -300 stopped and rejections given to Johnsons Screen . Thereby we stopped running of one 20 Hp motor which was running around 20 hours in a day.

- Top layer Turbo -300 stopped and rejections given to Johnsons Screen . Thereby we stopped running of one 20 Hp motor which was running around 10 hours in a day.
- ETP save all feed pump – 50 Hp motor changed to 40 Hp

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

Nil

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;

We have taken measures in the last year (12-13) and we are getting benefits in reducing cost of production.

FORM - A (See Rule 2)

| A Power and Fuel consumption | | 31.3.2014 | 31.3.2013 | | | 31.3.2014 | 31.3.2013 |
|------------------------------|--|-----------|-----------|---|---|-----------|-----------|
| 1 | Electricity | | | 2 | Coal (Quality - Non Coking Coal; Usage at Boilers for steam generation) | | |
| a) | Purchased | | | | Quantity (MT) | 6285 | 8265 |
| | Unit | 27829944 | 30332443 | | Amount (Rs/Lacs) | 236.93 | 351.06 |
| | Amount (Rs/Lacs) | 1515.46 | 1498.86 | | Average Rate / Mt | 3769.84 | 4247 |
| | Rate/Unit | 5.45 | 4.94 | 3 | Furnace Oil | Nil | Nil |
| b) | Own Generation | | | 4 | Bio fuels | | |
| i) | Through Diesel Generator | | | | Quantity (MT) | 37880 | 52078 |
| | Unit | 5636 | 40859 | | Amount (Rs/Lacs) | 1021.32 | 1194.85 |
| | Unit per Ltr. of diesel oil | 1.65 | 1.66 | | Average Rate / Mt | 2696.21 | 2294 |
| | Cost/Unit | 35.08 | 28.58 | B. Consumption per unit of production. | | | |
| ii) | Through steam turbine/generator * | | | | Electricity (kwh) | 485 | 478 |
| | Unit | 8707880 | 8141352 | | Coal (Kg) | 110 | 103 |
| | *(The steam generated is used both for paper production and power generation, cost cannot be appropriated separately.) | | | | Furnace Oil | Nil | Nil |
| | | | | | Biofuels (Kg) | 661 | 647 |

FORM - B (See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

A. RESEARCH AND DEVELOPMENT (R&D)

Specific Areas in which (R&D): Several special applications have been developed and carried out by the Company successfully introduced during the year to cater customer specific requirements.

Benefit derived as a result of the above R&D: Better runnability and improvement in the quality.

Future plan of action: The company would undertake appropriate R&D activities depending upon future requirements

Expenditure on R&D: N.A

B. TECHNOLOGY ABSORPTION, ADAPTION, INNOVATION: 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.

Particulars of imported technology: No Technology has been imported.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexure - II

Economic Environment

Global view

The Global economy began its modest recovery from the second half of 2013.

While the trend is expected to accelerate in the current year, the positive outlook is subdued as the market is facing multiple challenges like intense exchange rate pressure, persistent inflation, fiscal imbalances, external sector vulnerabilities and low investment etc. This has resulted in sluggish domestic demand growth. Fiscal and monetary initiatives being taken by the Indian Government and Reserve Bank of India to help stabilization of financial market conditions.

Industry review

A Brief Note on Indian Paper Industry - Present & Future

The Indian Paper industry, estimated to be around Rs.35000 crores, accounts for about 2.5% of the world's production of paper and paperboard. The operating capacity of the industry currently stands at 12.75 million tonnes. India is the fastest growing market for paper and paperboard globally, presenting an exciting scenario. During the current year, the domestic production of paper and paper board is estimated to be around 10 million tonnes, while the consumption is anticipated to touch 11.15 million tonnes, and it is expected to touch 13.95 million tonnes in 2015-16.

The last five decades of the Indian Paper industry have been a period of growth, transformation and improvements. The industry has taken a great leap forward and transformed itself from technological obsolescence to competitive sustenance through state-of-art technology, innovative developments and improved customer service. Looking forward, the demand in India is projected to double in the next ten years.

The market for writing and printing paper remains stable, and there is an emerging growth in tissue market; however, the market for packaging grade is currently growing at a steady pace. At the same time, the industry is facing the challenge of constantly having to adapt packaging papers to current trends in design, ecological compatibility, protective and advertise functions.

Together with board, packaging paper constitutes the largest portion of packaging material, even more than glass, metal or plastic. It is multi-purpose, clean and flexible. Among the types of packaging paper are all kinds of test liners, corrugated board, kraft paper for paper bags and classic brown paper, as well as the cover layers of plaster board. As a rule, a high portion of recovered paper is common to all of them. They perform important functions in merchandise management: protection from damage during transit and storage, as information carriers, or purely for image enhancement.

For this reason, the quality and functionality requirements that packaging paper has to meet differ widely: numerous conditions have to be considered, such as the suitability and compatibility of the materials for the packaged goods, statutory regulations on hygiene, packaging regulation provisions, marketing aspects, and, of course, cost.

Several growth triggers are in place to take the Indian packaging paper industry in India to new level. These include economic growth, increasing literacy rate, population growth, changing demographics, improving living standards, increase in advertising and promotional activities, and increasing multi-colour printing facilities.

Demand for packaging is driven by high growth in volume sales of the majority of consumer goods. Growth in organised and modern retailing channels such as supermarkets and malls is the main driver of this shift towards packaged, branded products, rather than the loose and unpacked formats. Packaging ensures not only longer shelf life but also helps the producers as a marketing strategy and point-of-sale visual appeal.

The Indian Packaging & Paper Industry is currently estimated at Rs 8000 Crore. With increase in sales of consumer goods like home care products, food products, liquors and soft drinks, the industry is growing at a high pace of 22-25% annually

The packaging grades are thus poised for a big leap forward. This opens up the need for large capacity additions to meet the emerging demand. The appetite of the Indian packaging paper market is increasing day by day, which needs to be addressed and that can only be addressed by continuous investment in production capacities.

**REPORT ON CORPORATE GOVERNANCE**

Annexure – III

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. A.S. Unny | Chairman | Non Executive | Independent | 2 | 4/2 |
| 2. | Mr. S. Sivathanu Pillai * | Director | Non Executive | Non Independent | 4 | 2/1 |
| 3. | Mr.S. Rajkumar | Vice Chairman & Managing Director | Executive | Promoter | 6 | 2/NIL |
| 4. | Mr. A. Padmanabhan | Whole-time Executive Director | Executive | Non Independent | 3 | NIL/NIL |
| 5. | Mr. S. Giridhar | Director | Non Executive | Non Independent | 6 | 1/NIL |
| 6. | N. Rajagopal Pai ** | Wholetime Director (Operations) | Executive | Non-Independent | NIL | NIL |
| 7. | Mr. N. Purushothama Prabhu*** | Wholetime Director (Operations) | Executive | Non- Independent | NIL | NIL |
| 8. | Mr.S.Subramoniam | Director | Non Executive | Non Independent | 2 | 1/NIL |
| 9. | Mrs.E.Kamalam | Director | Non Executive | Non Independent | NIL | NIL |
| 10. | Mr.U.Gururaja Bhat | Director | Non Executive | Independent | 2 | 1/NIL |
| 11. | Mr.Deveshwer Kumar Kapila | Director | Non Executive | Independent | 4 | 2/NIL |
| 12. | Dr.A.R.K.Rao | Director | Non Executive | Independent | NIL | 1/NIL |
| 13. | Mr.T. S. Anantharaman | Director | Non Executive | Independent | 4 | NIL/NIL |

* Expired on 25.06.2014 ** Resigned from the Board w.e.f. 31.10.2013 *** Appointed as Additional Director and changed designation as Wholetime Director (Operations) w.e.f 01.11.2014

3. Board Meetings and Annual General Meeting & Directors' Attendance

During the year 2013-14, Six board Meetings were held on 30th May 2013, 31st July, 2013, 9th September, 2013, 31st October 2013, 31st January 2014. The Annual General Meeting was held on 12th September, 2013

Attendance of each director, at the Board Meetings held during the year 2013-14 and at the last Annual General Meeting is as follows:

*Appointed w.e.f . 01.11.2013

** Resigned from the board w.e.f 31.10.2013

| Sl. No. | Name | Board Meetings | | Last AGM |
|---------|---------------------------|----------------|----------|----------|
| | | Held | Attended | Attended |
| 1. | Mr.S.Sivathanu Pillai | 5 | 4 | Yes |
| 2. | Dr.S.Rajkumar | 5 | 5 | Yes |
| 3. | Mr.A. Padmanabhan | 5 | 4 | Yes |
| 4. | Mr.S.Giridhar | 5 | 5 | Yes |
| 5. | Mr.A.S.Unny | 5 | 5 | Yes |
| 6. | Mr.N.Purushothama Prabhu* | 5 | 1 | Yes |
| 7. | Mr.S.Subramoniam | 5 | 5 | Yes |
| 8. | Mrs.E.Kamalam | 5 | 4 | Yes |
| 9. | Mr.U.Gururaja Bhat | 5 | 5 | Yes |
| 10. | Mr.Deveshwer Kumar Kapila | 5 | 2 | Yes |
| 11. | Dr.A.R.K.Rao | 5 | 4 | Yes |
| 12. | Mr. T. S. Anantharaman | 5 | 4 | Yes |
| 13 | Mr. N. Rajagopal Pai ** | 5 | 4 | Nb |

**4. Audit Committee**

By constituting an independent and qualified 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 Committee reviews the financial reporting by ensuring compliance with Accounting Standards and review Financial Policies of the Company and to recommend the appointment of Statutory Auditors/ internal auditors and fix their remuneration. The Audit committee was reconstituted on 30.05.2014

The Audit Committee consists of the following members:

| Sl. No. | Name | Designation | Independent / Non independent |
|---------|-------------------------------------|-------------|-------------------------------|
| 1. | Mr. A.S. Unny | Chairman | Independent |
| 2. | Mr. S. Sivathanupillai* | Member | Non Independent |
| 3. | Mr. U. Gururaja Bhat | Member | Independent |
| 4. | Mr. Deveshwer Kumar Kapila | Member | Independent |
| 5. | Mr. S. Giridhar (w.e.f. 30.05.2014) | Member | Independent |

*expired on 25.06.2014

During the year 2013-14, Four Audit Committee Meetings were held on 30th May 2013, 31st July, 2013, 31st October 2013 and 31st January 2014

5. Nomination & Remuneration Committee

Pursuant to the provisions of Companies act 2013, the Remuneration committee has been renamed as Nomination & Remuneration committee which consists of the following members.

| Sl. No. | Name | Designation | Independent / Non independent |
|---------|----------------------------|-------------|-------------------------------|
| 1 | Mr. A.S. Unny | Chairman | Independent |
| 2 | Mr. Deveshwer Kumar Kapila | Member | Independent |
| 3 | Mr. U.G. Bhat | Member | Independent |
| 4 | Dr. A.R. K. Rao | Member | Independent |

During the year 2013-14, One remuneration Committee Meeting was held on 31st October, 2013

Remuneration to Vice Chairman and Managing Director / Whole-time Director

Remuneration to Vice-Chairman and Managing Director/ Whole-time Director as recommended by the Remuneration Committee is approved by the Board of

Directors within the ceiling prescribed under Schedule XIII to the Companies Act, 1956. The same is also approved by the Members of the Company in General Meeting. No Sitting Fee is paid to the Vice Chairman and Managing Director / Whole-time Director. Remuneration to Vice Chairman and Managing Director /Whole-time Director, for the financial year 2013-14 is as under:

| Name | Designation | (Rs/ Lacs) |
|----------------------------|---|--------------|
| Dr. S. Rajkumar | Vice Chairman & Managing Director | 36.82 |
| Mr. A. Padmanbhan | Whole Time Executive Director | 22.80 |
| Mr. N. Rajagopal Pai | Whole Time Director (Operations)- resigned w.e.f31.10.2013 | 10.70 |
| Mr. N. Purushothama Prabhu | Whole Time Director (Operations)- appointed w.e.f01.11.2013 | 7.01 |
| Total | | 77.33 |

Apart from this an amount of Rs 8.42 lacs paid for the period 01.07.2013 to 31.10.2013 in which he worked in the company as president operations.

Remuneration to Non Executive Directors

The Non-Executive directors are remunerated by way of sitting fees as decided by the Board of Directors of the Company from time to time for attending Board/ Committee meetings. The fees paid for the year ended 31.03.2014 to the Directors are as follows;

| Sl. No. | Name of the Director | Rs. |
|---------|----------------------------|------------------|
| 1 | Mr. S. Giridhar | 50000.00 |
| 2 | Mr. S. Subramaniam | 50000.00 |
| 3 | Mr. S. Sivathanupillai | 70000.00 |
| 4 | Mr. A.S. Unny | 100000.00 |
| 5 | Mrs. E. Kamalam | 40000.00 |
| 6 | Mr. U. Gururaja Bhatt | 90000.00 |
| 7 | Mr. Deveshwer Kumar Kapila | 50000.00 |
| 8 | Dr. A.R.K. Rao | 40000.00 |
| 9 | Mr. T.S. Anantharaman | 40000.00 |
| | Total | 530000.00 |

The Company has not granted any stock option to any of its directors.

6. Share Issue / Transfer Committee

The Share Issue/Transfer committee meeting consists of the following members.



| Sl. No. | Name | Designation |
|---------|-------------------------|-------------|
| 1 | Mr. S. Sivathanupillai* | Member |
| 2 | Mr. A.S. Unny | Chairman |
| 3 | Dr. S. Rajkumar | Member |
| 4 | Mr. S. Giridhar | Member |

*Expired on 25.06.2014

No meeting of the committee was held during the year under review.

7. Project Finance Committee

A Project Finance Committee was constituted during the financial year 2007-08 for implementation of new diversified projects. The Committee consists of Mr. A.S.Unni, Dr. S. Rajkumar, Mr. S. Subramonaim. No meeting of the committee was held during the year under review.

8. Status of Investor Grievances

| | |
|---|--|
| Name and designation of compliance officer | Mr.R. Ponnambalam Company Secretary |
| Number of shareholders complaints received during 2013-14 | 10 |
| Number of complaints resolved to the satisfaction of shareholders | 10 |
| Number of pending complaints as on 31.03.2014. | 0 |

9. Code of Conduct

As required by the amended Clause 49 of the Listing Agreement, the Board of directors of the Company has adopted a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct has been posted on the web site www.sreekailas.com of the Company. The members of the Board of Directors and Senior Management have affirmed compliance of the said code during the period under review. The Annual Report of the Company does contain a declaration to this effect duly signed by the CEO as required by the Clause 49 of the Listing Agreement.

10 a Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or the management, their relatives, etc. that have potential conflict with the interest of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosures of transactions with the related parties set out in Notes on Accounts forming part of the Annual Report.

All related party transactions are negotiated on arms length basis and are only intended to further the interests of the Company.

10 b Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any other statutory authority, on any matter related to the capital markets, during the last three years.

There has been no instance of non-compliance by the Company on any matter related to Capital Markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authority.

10 c Disclosures on Accounting Treatment

Disclosures of accounting treatment wherever applicable have been made in the Audited Financial Accounts for the year ended 31st March 2014

10 d Board Disclosures – Risk Management

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures and they are being reviewed periodically.

11 CEO /CFO Certification

A Certificate from CEO and CFO has been placed before the Board confirming that ;

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent,



illegal or violation of the company's code of conduct.

(c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) They have indicated to the auditors and the Audit committee

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) they have not come across any instances of significant fraud and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system

12. Annual General Meetings

The details of the last 3 Annual General Meetings and Special Resolutions passed by the Company are noted below;

| Year | Location | Date | Time | Special Resolution |
|------|---|------------------------|---------|--|
| 2010 | Hotel Abad Plaza M.G. Road, Ernakulam Cochin - 35 | Thursday 09.09.2010 | 3.00 PM | Nil |
| 2011 | Hotel Abad Plaza M.G. Road, Ernakulam Cochin - 35 | Friday 02.09.2011 | 3.00 PM | Re-appointment of Dr. S. Rajkumar as Managing Director designated as Vice- Chairman of the Company and fixation of remuneration |
| 2012 | Hotel Abad Plaza M.G. Road, Ernakulam Cochin - 35 | Friday 24.08.2012 | 3.00 PM | 1. Re-appointment of Mr. A. Padmanabhan as Executive Director of the Company and fixation of remuneration. 2. Re-fixation of remuneration payable to Dr. S. Rajkumar, Vice Chairman & Managing Director of the Company |
| 2013 | Hotel Abad Plaza M.G. Road, Ernakulam Cochin - 35 | Thursday 12.09.2013 | 3.00 PM | 1. Appointment of N. Rajagopal Pai as wholetime Director (Operations) 2. To increase the number of Directors of the Company |

There was 4 resolution passed by the Company's members through postal ballot during last year

| Year | Declaration date | Resolutions |
|------|------------------|---|
| 2014 | 24.04.2014 | <ol style="list-style-type: none"> Alteration of Articles of Association pursuant to Section 31 of the Companies Act, 1956 and applicable provisions of Companies Act, 2013, Articles 3, 117 & Clause (iii) of 119 replaced by new Articles respectively and new articles 4-A & 4AA inserted after article 4 regarding rates attached to redeemable preference shares. Alteration of object clause of Memorandum of Association Pursuant to Section 17 of the Companies Act, 1956 & other applicable provisions of Companies Act, 2013 main objects of the company altered by inserting new sub clause (iii) & (iv) after the existing sub clause (ii) to clause III A including infrastructure activities Alteration of capital clause of Memorandum of Association pursuant to Section 16, 94 & 95 of the Companies Act, 1956 & other applicable provisions of Companies Act, 2013, existing authorized capital of Rs. 50 Crores divided into 25 Crores of Equity share capital and 25 crores of Preference share capital. |



| Year | Declaration date | Resolutions |
|------|------------------|--|
| 2014 | 24.04.2014 | 4 Pursuant to Section 80 of the Companies Act, 1956 & other applicable provisions of Companies Act, 2013, resolution was passed giving authority to the Board of Directors for issue of non convertible redeemable preference share of Rs. 10/- each up to Rs. 25 Crores with such rights, privileges and at such coupon rate not exceeding 12.25% to various entities/ persons and in various trenches. |
| 2013 | 04.02.2013 | 1 Special Resolution Under Section 17 of the Companies Act, 1956 for alter the Object Clause in Memorandum of Association. 2 Special Resolution under Section 149 (2A) of the companies Act, 1956 for commencement of business set out in Other objects 3 Special Resolution under Section 94 (1) (a) of the companies Act, 1956 for increasing the Authorised Share capital and amendment of capital clause in the Memorandum of Association 4 Special Resolution under Section 31 of the Companies Act, 1956 to alter Capital clause in the Articles of Association |
| 2012 | NIL | NIL |
| 2011 | NIL | NIL |

13. Means of Communication

The Financial Results are generally published in 'Business Standard', in English and in 'Mangalam, in Malayalam. The Results are also placed on the Company's Web Site, www.sreekailas.com. The Company also usually sending Shareholders letters along with results copy directly to the investor on quarterly basis as part good corporate governance measure.

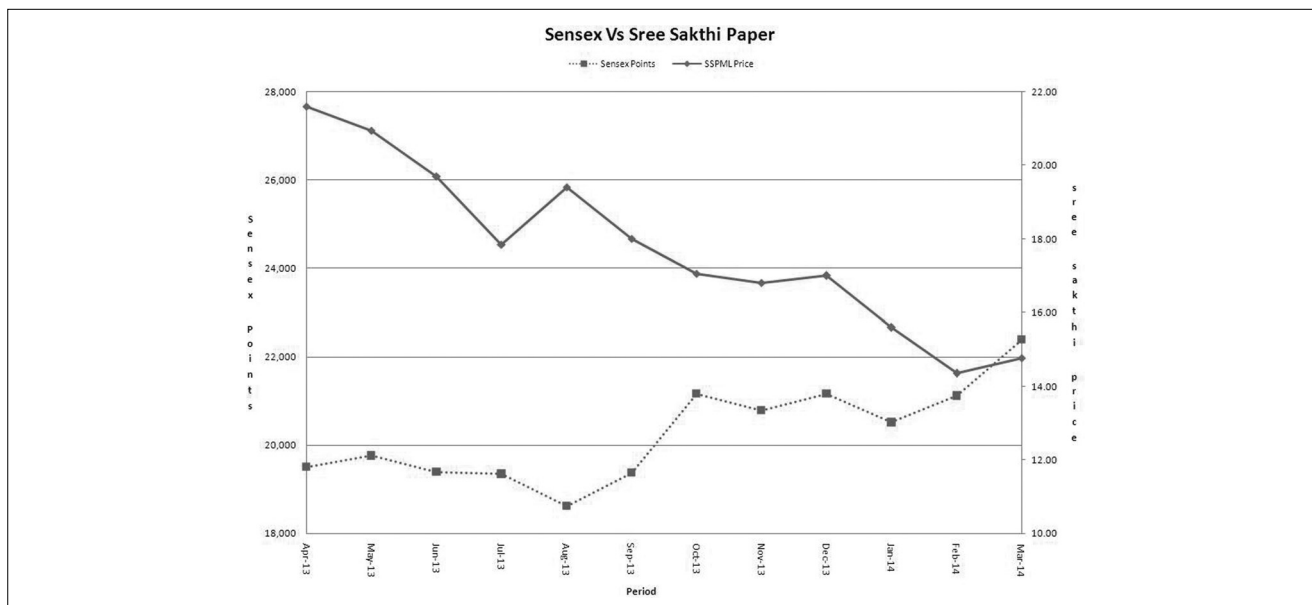
14. General Shareholder Information

| | | | |
|--|---|---|---|
| AGM : Date, time and venue | : | Tuesday, 30th September 2014 at 2.00 pm at Hotel Abad Plaza, M.G. Road, Cochin - 35 | |
| Financial Year | : | April 1 to March 31 | |
| Financial Calendar (tentative and subject to change) | : | May 2014 August 2014 September 2014 October 2014 January 2015 March 2015 May 2015 September 2015 | Audited results for 2013-14 First Quarter Results for 2014-15 Annual General Meeting for 2013-14 Second Quarter Results for 2014-15 Third Quarter Results for 2014-15 Review of performance 2014-15 Audited results for 2014-15 Annual General Meeting for 2014-15 |
| Date of Book closure | : | 23.09.2014 to 30.09.2014 (both days inclusive) | |
| Dividend Payment Date | : | On or after 30.09.2014 but before the statutory time limit of 30 days, from the date of declaration. | |
| Listing on Stock Exchanges | : | The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 Ph: (91)(22)2272 1233 - 1234 (General) 2272 1121 - 1122, 2272 2375 (Corporate Relations Department) Web Site: www.bseindia.com E-mail: isc@bseindia.com Fax: (91)(22)2272 1919, 2272 3027 (General) 2272 3719, 2272 2039, 2272 2061 2272 3121, 2272 2037, 2272 2041 (Corporate Relations Department) | |
| Payment of Annual Listing Fees to the Stock Exchange | : | Listing Fee has been paid to the Stock Exchange, in which the Company's Equity Shares are listed, upto March 31, 2015 | |
| Stock Code | : | Under Demat System the ISIN allotted to the Company's Equity Shares is : INE266H01014 The Company's Stock Code is 532701 | |



| Market Price Data (BSE) | Month | High (Rs.) | Low (Rs.) | Volume (No. of shares) | BSE Sensex (High) | BSE Sensex (Low) |
|-------------------------|--------|------------|-----------|------------------------|-------------------|------------------|
| | Apr 13 | 22.50 | 18.30 | 41844 | 19622.68 | 18144.22\ |
| | May 13 | 22.80 | 20.35 | 48804 | 20443.62 | 19451.26\ |
| | Jun 13 | 22.85 | 18.55 | 31279 | 19860.19 | 18467.16 |
| | Jul 13 | 21.95 | 17.40 | 31088 | 20351.06 | 19126.82 |
| | Aug 13 | 20.45 | 18.00 | 33796 | 19569.2 | 17448.71 |
| | Sep 13 | 20.45 | 16.35 | 46872 | 20739.69 | 18166.17 |
| | Oct 13 | 19.15 | 16.20 | 41746 | 21205.44 | 19264.72 |
| | Nov 13 | 19.45 | 15.55 | 55946 | 21321.53 | 20137.67 |
| | Dec 13 | 17.50 | 15.05 | 104351 | 21483.74 | 20568.70 |
| | Jan 14 | 18.35 | 15.25 | 111784 | 21409.66 | 20343.78 |
| | Feb 14 | 16.00 | 13.95 | 62002 | 21140.51 | 19963.12 |
| | Mar 14 | 15.50 | 13.30 | 74086 | 22467.21 | 20920.98 |

Performance, in comparison to BSE Sensex : Please see the enclosed Chart for comparison of the Price movement of the Company's Shares (closing) with BSE Sensex movement (closing).



Registrar and Transfer Agents and Share transfer system : 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". Both physical and demat transfers are done through the Registrar and Transfer Agents. The shares of the Company are under compulsory demat mode.

| Distribution | No. of share holder | % of share holders | No. of shares | % of share holding |
|-----------------|---------------------|--------------------|-----------------|--------------------|
| 1 – 500 | 8306 | 82.5318 | 1561338 | 9.4994 |
| 501-1000 | 972 | 9.6582 | 754090 | 4.5880 |
| 1001-2000 | 356 | 3.5374 | 554396 | 3.3730 |
| 2001-3000 | 107 | 1.0632 | 274284 | 1.6688 |
| 3001-4000 | 69 | 0.6856 | 247802 | 1.5077 |
| 4001-5000 | 55 | 0.5465 | 262814 | 1.5990 |
| 5001-10000 | 104 | 1.0334 | 747820 | 4.5498 |
| 10001 and above | 95 | 0.9440 | 12033673 | 73.2144 |
| Total | 10064 | 100.00 | 16436217 | 100.00 |



| Shareholding pattern as on 31 st March 2014 | Category | No. of Share Holders | No. of Shares held | % of share holding |
|---|---|---------------------------|---------------------------|--------------------|
| | A. Promoters Holdings Promoter and promoter group | 20 | 8559861 | 52.08 |
| | B. Non Promoters Holding Institutional Investors | 0 | 0 | 0 |
| | Non-Institutional Investors | | | |
| | a. Corporate Bodies | 130 | 644621 | 3.92 |
| | b. Indian Public | | | |
| | Individuals up to 1 lac | 9796 | 4178046 | 25.42 |
| | Individuals > 1 lacs | 58 | 1996862 | 12.15 |
| | c. NRI | 46 | 1038483 | 6.32 |
| | d. Any other | 14 | 18344 | 0.11 |
| | Grand Total | 10064 | 16436217 | 100.00 |
| Name and number of shares held and percentage share holding of entities / persons holding more than 1% shares of the Company as on 31.03.2014 | Name | No. of Shares Held | % of share holding | Category |
| | 1. Dr. S. Rajkumar | 4680114 | 28.47 | Indian Promoter |
| | 2. Mr.A.Padmanbhan | 1317803 | 8.02 | Promoter group |
| | 3. Mr. S. Giridhar | 1090328 | 6.63 | " |
| | 4. Mr.Rajaram .T.S | 727689 | 4.43 | Individual |
| | 5. Mr.S.Subramonium | 333944 | 2.03 | Promoter group |
| | 6. Mrs.Rajee Rajkumar | 285544 | 1.74 | " |
| | 7. Mr.S.Sivathanupillai | 232840 | 1.42 | Promoter group |
| | 8. Mr. Paramjit Kaur | 200000 | 1.21 | Individual |
| | 9. Pinkhem Investments Co.(P) Ltd | 175000 | 1.06 | Body Corporate |
| | Grand Total | 9043262 | 55.01 | |
| Dematerialization of shares and liquidity | Break up of Shares as on 31/03/2014 | | | |
| | a) In dematerialized mode | NSDL - 12737588 | CDSL - 3686681 | |
| | b) In Physical mode | 11948 | | |
| | Total | - 16436217 | | |
| | 100% of Shares of Promotor and Promoters group were dematerialized pursuant to SEBI Circular No: ISD /3/2011 dt. 17.06.2011. | | | |
| Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity | Nil | | | |
| Plant Locations | : Kraft Paper Unit I Industrial Development Area, Muppathadom, Edayar, Aluva - 682 102, Kerala Tel: 0484-2540622, 2555451 Kraft Paper Unit II Industrial Development Area, Muppathadom, Edayar, Aluva - 683 102, Kerala Tel: 0484-2540622, 2555451 Duplex Board Unit Kanjirapilly, Pariyaram, Chalakudy, Thrissur - 680 721, Kerala Tel: 0487-2746229, 2747527 | | | |



| | | |
|----------------------------|---|--|
| Address for correspondence | : | Sree Sakthi Paper Mills Limited 57/2993, "Sree Kailas", Paliam Road, Ernakulam, Cochin - 682 016, Kerala Tel: 0484 -2373230, 2382182, Fax: 0484-2370395 Email: secretary@sreekailas.com, Web: www.sreekailas.com |
|----------------------------|---|--|

DECLARATION

All the members of the Board of Directors of the Company and Senior Management of the Company have affirmed compliance of the Code of conduct for the year ended 31st March 2014. The Code of Conduct laid down for all Board members and Senior Management of the Company is posted on the website of the Company.

Cochin - 16
31-07-2014

Dr. S. Rajkumar
Sd/-
Vice Chairman & Managing Director

COMPLIANCE CERTIFICATE OF THE AUDITORS

A certificate from the Auditors of the Company regarding Compliance of Conditions of Corporate Governance as stipulated under clause 49 of the listing agreement is attached to this report

To
The Members of M/s. Sree Sakthi Paper Mills Limited

We have examined the Compliance of conditions of Corporate Governance by Sree Sakthi Paper Mills Limited for the year ended March 31st, 2014 as stipulated in Clause 49 of the listing agreement entered into with Bombay Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the

Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement .

As per the records of the Company, no investor grievances are pending for a period exceeding one month against the company.

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

For Balan & Co
Chartered Accountants

Sd/-

A Mohanan B.Sc.,FCA, DISA

Partner (M.No.20627)
FRN:000340S

Cochin-11
31.07.2014



BALAN & Co.

Chartered Accountants

39/181 D, 'Anantha', Mahakavi G Road, Karikkamuri, Kochi - 682 011

Ph: 0484-2360663, 2360773, 2375663, Fax: 2377663

E-mail: balanandcokochi@gmail.com, kochi@balanandco.com, www.balanandco.com

CA V. Sivadas Menon

CA A. Mohanan

CA C.S. Rajeev

CA P. Unnikrishnan

CA Joyal George

INDEPENDENT AUDITOR'S REPORT

To The Members of M/s. Sree Sakthi Paper Mills Limited, Kochi.

We have audited the accompanying financial statements of M/s. Sree Sakthi Paper Mills Limited, Kochi which comprises of:-

- The Balance Sheet as at 31st March, 2014
- The Statement of Profit and Loss for the year ended 31st March 2014
- Cash Flow Statement for the year then ended 31st March 2014, and
- Summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- In the case of the Statement of Profit and Loss, of the profit for the year ended on 31st March 2014, and
- In the case of the Cash Flow Statement, of the cash flows for the year ended 31st March 2014.

Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Balan and Co
Chartered Accountants
FRN:000340S

Sd/-

Kochi- 11
30.05.'14

A Mohanan, B Sc., FCA., DISA
Partner (Memb No. 20627)

Ref: M/s. Sree Sakthi Paper Mills Limited, Kochi -16 (2013-'14)

Referred to in paragraph 3 of our report of even date:

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) No substantial part of the fixed assets was disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted loans to persons covered in the register maintained under section 301 of the Companies Act, 1956, except advances in the ordinary course of business.
- (b) The company has taken an unsecured loan of Rs 1.5 Crore from Sree Sakthi Constructions & Infrastructure Ltd, Chennai. and Rs 1.35 Crore from Sree Kailas Logistics Ltd the terms and conditions of which are not prejudicial to the interest of the Company. Other than the above, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory and fixed asset and for sale of goods. There is no continuing failure to correct any major weaknesses in internal control.
- (v) (a) In our opinion and according to the explanations given to us, all particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained in that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The company has not accepted deposits from the Public. Hence provisions of Clause 4(vi) of the Order are not applicable to the Company.
- vii) On the basis of the test checks conducted by us and as per the explanations given to us the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books and records maintained by the company pursuant to the order of the Central Government u/s 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether these records are accurate or complete.



(ix) (a) According to the information given to us and on the basis of the checks conducted by us we report that the company has been generally regular in depositing undisputed statutory dues including Provident fund, Employees state insurance, Wealth Tax, Service Tax, Sales Tax, Customs duty, Excise Duty and Cess with appropriate authorities except for service tax due of Rs. 11.52 lakhs which was in arrears as at 31.3.2014

for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and the records of the company examined by us, the particulars of dues towards sales tax, income tax, wealth tax, customs duty and excise duty, service tax and cess as at 31st March 2013, which have not been deposited on account of dispute are furnished as :

| Sl. No. | Name of the Statute | Nature of Dues | Amount of tax disputed Rs. in lakhs | Period to which the dispute relates | Forum where the dispute is pending |
|---------|-----------------------|-------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| 1 | Income tax Act | Income Tax | 26.93 | A.Y 2007-'08 | CIT (Appeals), Kochi |
| 2 | Income tax Act | Income Tax | 66.74 | A.Y 2008-09 | CIT (Appeals), Kochi. |
| 3 | Income tax Act | Income Tax | 46.77 | A.Y 2009-'10 | CIT (Appeals), Kochi |
| 4 | Income tax Act | Income Tax | 11.63 | A.Y 2010-'11 | CIT (Appeals), Kochi. |
| 5 | Central Sales Tax Act | Central Sales tax | 15.48 | A.Y 2007-'08 | Deputy Commissioner (Appeals), Kochi |
| 6 | Central Sales Tax Act | Central Sales tax | 0.03 | AY 2006-'07 | Deputy Commissioner (Appeals), Kochi |
| 7 | Central Sales Tax Act | Central Sales tax | 0.15 | A.Y 2007-'08 | Deputy Commissioner (Appeals), Kochi |

(x) The Company has no accumulated losses and has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanation given to us the Company has not defaulted in repayment of dues to financial institutions and banks.

(xii) The Company has not granted loan and advance on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi or a mutual benefit fund/Society. Therefore, provisions of clause 4(xiii) of the Companies Auditors Report Order 2003 are not applicable to the company.

(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. In respect of dealing in Forex, the company has maintained proper records of the transactions and contracts and has made timely entries therein and the transactions and balances were held in the name of the Company.

(xv) According to the information and explanations given to us the company has not given any guarantee for loan taken by others from banks or financial institutions.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that, the term loans availed by the company were prima-facie applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised by the company on short term basis has not been used for long term investments.

(xviii) Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any debentures.

(xx) The Company has not raised any money by Public Issue during the year.

(xxi) To the best of our knowledge and belief and according to the information given to us no material fraud on or by the company was noticed or reported during the year.

For Balan and Co
Chartered Accountants
FRN:000340S

Sd/-

Kochi- 11
30.05.'14

A Mohanan, B Sc., FCA., DISA
Partner (Memb No. 20627)

**BALANCE SHEET AS AT 31ST MARCH 2014**

| | Note No. | 31-03-2014 Rs. in Lacs | 31-03-2013 Rs. in Lacs |
|--|----------|---------------------------|---------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Share Holders' Funds: | | | |
| (a) Share Capital | 1 | 1,643.62 | 1,643.62 |
| (b) Reserves & Surplus | 2 | 2,750.18 | 2,749.47 |
| (c) Money received against share warrants | | - | - |
| (2) Share application money pending allotment | | | |
| (3) Non-Current Liabilities | | | |
| (a) Long term borrowings | 3 | 1,879.67 | 1,903.81 |
| (b) Deferred tax liabilities (Net) | 4 | 1,316.52 | 1,315.50 |
| (c) Other long term liabilities | 5 | 34.39 | 64.46 |
| (d) Long term provisions | 6 | 88.64 | 74.89 |
| (4) Current Liabilities | | | |
| (a) Short term borrowings | 7 | 2,226.22 | 1,839.43 |
| (b) Trade payables | 8 | 2,265.45 | 1,980.14 |
| (c) Other current liabilities | 9 | 1,488.10 | 1,366.62 |
| (d) Short-term provisions | 10 | 183.55 | 468.39 |
| TOTAL | | 13,876.34 | 13,406.33 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 11 | 7,142.57 | 7,446.92 |
| (ii) Intangible assets | | 2.48 | 4.22 |
| (iii) Capital work-in-progress | | 16.76 | 2.34 |
| (b) Non-current investments | 12 | 88.46 | 88.46 |
| (c) Deferred tax assets (net) | | - | - |
| (d) Long term loans and advances | 13 | 280.57 | 312.76 |
| (e) Other non-current assets | | | |
| (2) Current assets | | | |
| (a) Inventories | 14 | 1,457.89 | 1,098.26 |
| (b) Trade receivables | 15 | 3,592.15 | 3,025.61 |
| (c) Cash and bank balance | 16 | 355.68 | 436.56 |
| (d) Short-term loans and advances | 17 | 907.79 | 952.96 |
| (e) Other current assets | 18 | 31.99 | 38.24 |
| TOTAL | | 13,876.34 | 13,406.33 |

Subject to our report of even date

For Balan & Co.
Chartered Accountants
FRN: 000340S

Sd/-
A. Mohanan, B.Sc., FCA, DISA
M. No.20627
Partner

Cochin -16
30-05-2014

Sd/-
R. Ponnambalam
Company Secretary

Sd/-
Rajesh R, FCA
GM (Finance & Accounts)

For and on behalf of the Board
Sd/-
A.S. Unny, Chairman (DIN 00363027)

Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing Director

Sd/-
A. Padmanabhan
Executive Director (DIN 00037472)

Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014**

| | Note No. | 31-03-2014 Rs. in Lacs | 31-03-2013 Rs. in Lacs |
|---|----------|---------------------------|---------------------------|
| I Revenue from Operations | 19 | 20,367.03 | 20,509.29 |
| II Other income | 20 | 75.98 | 56.20 |
| III TOTAL REVENUE (I+II) | | 20,443.01 | 20,565.49 |
| IV EXPENSES | | | |
| Cost of materials consumed | 21 | 12,374.99 | 12,015.27 |
| (Increase) / Decrease in Stock | 22 | (55.18) | 118.43 |
| Employee benefit expense | 23 | 1,731.30 | 1,715.40 |
| Finance cost | 24 | 685.57 | 715.32 |
| Depreciation and amortization Expenses | 25 | 489.90 | 502.70 |
| Other expense | 26 | 5,071.00 | 4,777.83 |
| TOTAL EXPENSES | | 20,297.58 | 19,844.95 |
| V Profit before exceptional and extraordinary items and tax (III-IV) | | 145.43 | 720.54 |
| VI Exceptional Items - Income tax relating to earlier years | | 2.17 | 17.64 |
| VII Profit before extraordinary items (V-VI) | | 143.26 | 702.90 |
| VIII Extraordinary Items | | - | - |
| IX Profit before Tax (VII-VIII) | | 143.26 | 702.90 |
| X Tax Expense | | | |
| (1) Current tax (MAT) | | 43.86 | 152.45 |
| Less MAT Credit Entitlement | | 17.70 | 128.48 |
| Net tax | | 26.16 | 23.97 |
| (2) Deferred tax | | 1.02 | 209.81 |
| XI Profit (Loss) for the period from continuing operations (IX-X) | | 116.08 | 469.12 |
| XII Profit/(loss) from discontinuing operations | | - | - |
| XIII Tax expense of discontinuing operations | | - | - |
| XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII) | | | |
| XV Profit (Loss) for the period (XI+XIV) | | 116.08 | 469.12 |
| XVI Earnings Per Equity Share (Basic and Diluted) | | 0.71 | 2.85 |
| Weighted Average Number of Shares | | 16436217 | 16436217 |
| Accounting Policies & Notes on Accounts | 1-26 | | |

Subject to our report of even date

For Balan & Co.
Chartered Accountants
FRN: 000340S

Sd/-
A. Mohanan, B.Sc., FCA, DISA
M. No.20627
Partner

Cochin -16
30-05-2014

Sd/-
R. Ponnambalam
Company Secretary

Sd/-
Rajesh R, FCA
GM (Finance & Accounts)

For and on behalf of the Board
Sd/-
A.S. Unny, Chairman (DIN 00363027)

Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing Director

Sd/-
A. Padmanabhan
Executive Director (DIN 00037472)

Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of accounting

The accounts of the Company are prepared under the historical cost convention on accrual basis as a going concern.

2 Revenue Recognition:

Items of income and expenditure are recognized on accrual basis except for the following, since it is not possible to ascertain with reasonable accuracy the quantum to be provided in respect of:

- Interest & delayed payment charges on overdue bills pending as on Balance Sheet date.
- The additional liability, if any, arising at the time of assessment of tax / duty.
- Insurance and Other claims.

3 Government Grant

Duty Draw Back Income is recognised on accrual basis based on FOB value of exports.

4 Fixed Assets & Depreciation:

Depreciation on fixed assets is provided on pro-rata basis on straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Cost of Fixed Assets has been taken at net of CENVAT availed. Depreciation on additions/deletions is calculated on a monthly pro-rata basis, month of addition is included and month of sale is excluded.

The cost of fixed assets other than those included in the specific project comprises, its purchase price including import duty and other non – refundable taxes or levies, cost directly attributable to bring the asset to its working condition for its intended use, start up and commissioning expenses on test runs and experimental production and finance cost up to the date of capitalization but excluding administration and other general overheads.

Cost of fixed assets under specific project includes all the above and directly relatable administrative and other general overheads.

5 Investments:

Long term Investments are stated at cost less provision for decline in value other than temporary. Current investments are stated at lower of cost and fair market value on category of investment basis.

6 Inventory:

Inventory of raw materials and consumables are valued at cost or net realizable value, whichever is lower, under FIFO Method. Finished Goods are valued at cost or net realizable value whichever is lower. Cost for the purposes of valuation of finished goods includes cost of material, labour and other

direct expenses. Stock-in-process is valued at raw material cost plus proportionate direct cost, wherever applicable.

7 Foreign Currency Transactions:

Expenditure/Income in foreign currency is converted into Indian rupees at the rate of exchange prevailing on the date of transaction. Asset/Liability in respect of foreign exchange transactions outstanding as at the end of the year is restated at the exchange rate prevailing on that date.

8 Forward Contracts:

Premium or discount at the inception of forward contract is recognised as expense or income over the period of contract. Any profit or loss arising on cancellation or renewal of forward contract is recognised as income or expense of the year.

9 Forex Trading

- Premium paid at the time of hedging of forex liability is accounted as expense proportionately for the reporting period.
- Premium received for trading of option is accounted as income on the date of receipt.
- Profit/loss on outstanding futures' contracts are recognised at the closing rate of reporting period using MTM.

10 Deferred tax/Income tax:

Deferred tax is accounted for, by computing the tax effect of timing differences between taxable income and accounting income.

Provision for Current tax is made on the basis of applicable tax laws existing in the country.

Minimum Alternative Tax and its credit are accounted based on the Guidance notes issued by the Institute of Chartered Accountants of India.

Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be availed against which such deferred tax assets can be realised.

11 Intangible Assets:

Intangible asset, viz, computer software is stated at cost of acquisition less accumulated amortization. Computer software is amortized over a period of 5 Years.

12 Borrowing Costs

Borrowing Costs charged to Profit & Loss Account include interest on short and long term bank borrowings. Borrowing costs attributable to qualifying assets up to the date of capitalization are included in the cost of the asset.

**13 Others:**

- i) Contingent Liabilities are not provided for and are disclosed in notes to the accounts.
- ii) Gratuity and leave encashment liability is worked out based on actuarial valuation as at the end of the year.

14 Impairment

At each Balance sheet date the management reviews the carrying amount of the assets to ascertain impairment loss, if any, to its assets and such losses are appropriately recognized in the accounts.

15 Additional Disclosures

- 1 Most of the balances of Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation.
- 2 Previous year figures have been re-cast, wherever necessary to comply with the requirements of Revised Schedule VI of The Companies Act 1956.
- 3 Assets, Loans and advances are in realizable state in the ordinary course of business.

4 Lease Transactions :

All assets acquired under finance lease basis are

capitalized with corresponding liability recognizing the future liability on leases. The total minimum lease payments as on the balance sheet date, interest embedded in such payments and present value of lease payments are as follows :

| | |
|--|-------------------------|
| (i) Total minimum lease payments | Nil (PreviousYear Nil) |
| (ii) Future interest embedded in i) | Nil (PreviousYear Nil) |
| (iii) Present value of lease payments (i-ii) | Nil (Previous Year Nil) |

Finance charges on lease payments amounting to (Previous Year Nil) for the year has been debited to profit and loss account under the head interest and bank charges. Lease expenses under non cancelable operating lease during the year amounts to Rs NIL(Previous Year Rs Nil)

Future minimum lease payments under non cancellable operating lease as on 31-03-2014 is as follows

| | |
|--|-----|
| Payable within One year | NIL |
| Payable after one year but before five years | NIL |

B NOTES ON ACCOUNTS**Note - 1 : SHARE CAPITAL****1 Break up of Share Capital****AUTHORISED**

5,00,00,000 Equity shares of Rs 10 each

ISSUED, SUBSCRIBED & FULLY PAID UP

1,64,36,217 Equity Shares of Rs. 10/- each fully paid up

TOTAL

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--------------|--------------------------|--------------------------|
| | 5000.00 | 5000.00 |
| | 1643.62 | 1643.62 |
| TOTAL | 1643.62 | 1643.62 |

(Out of the issued, subscribed and fully paid up capital, 7693147 (PY 7709533) Equity shares are held by Directors and NIL (PY NIL) by Officers.)

2 Reconciliation statement of shares

| | 31.03.2014 | 31.03.2013 |
|---|------------|------------|
| No: of equity shares at the beginning of the year | 16436217 | 16436217 |
| Add: Fresh issue | 0 | 0 |
| Less: shares bought back | 0 | 0 |
| No: of equity shares at the end of the year | 16436217 | 16436217 |

**3 Details of Shareholders holding more than 5% Shares**

| Name of shareholder | No. of shares held as on 31.03.14 | % of share holding | No: of shares held as on 31.03.13 | % of share holding |
|---------------------|-----------------------------------|--------------------|-----------------------------------|--------------------|
| Mr. S. Rajkumar | 4,680,114 | 28.47 | 4,680,114 | 28.47 |
| Mr. A. Padmanabhan | 1,317,803 | 8.02 | 1,317,803 | 8.02 |
| Mr. S. Giridhar | 1,090,328 | 6.63 | 1,090,328 | 6.63 |

- 4 During the last 5 years, the company has not issued any shares pursuant to any contract without payment being received in cash, as bonus shares or has not brought back any shares
- 5 No shares has been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment
- 6 The Company has not issued any securities convertible into Equity or Preference Shares
- 7 No shares have been forfeited till date.
- 8 Out of the total share capital issued and called up, no calls are outstanding as unpaid

Note - 2 : RESERVES & SURPLUS**Capital Reserve**

Amount as per Last Balance Sheet

Rs in Lacs
31.03.2014Rs in Lacs
31.03.2013

(+) Additions/ transfers during the Year

36.68

36.68

Closing Balance

-

-

36.68**36.68****Securities Premium Account**

Amount as per Last Balance Sheet

1667.24

1,667.24

(+) Additions/ transfers during the Year

-

-

Closing Balance

1667.24**1,667.24****General Reserve**

Amount as per Last Balance Sheet

533.00

433.00

(+) Additions/ transfers during the Year

0.00

100.00

Closing Balance

533.00**533.00****Surplus**

Amount as per Last Balance Sheet

512.54

431.87

(+) Net profit/(net loss) for the current year

116.09

469.12

(-) Transfer to General Reserve

0.00

100.00

(-) proposed dividend @ 6 % i.e. (Rs. 0.60 per share)

98.62

246.54

(-) dividend distribution tax

16.76

41.90

Closing Balance

513.25**512.55****TOTAL****2750.18****2,749.47**



Note - 3 : LONG TERM BORROWINGS

SECURED

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|---|--------------------------|--------------------------|
| a Term Loans from: | | |
| i Federal Bank Ltd | 184.26 | - |
| ii State Bank of Travancore (Term Loan I) | 675.61 | 643.52 |
| iii State Bank of Travancore (Term Loan II) | 443.44 | 442.98 |
| iv Axis Bank | 305.70 | 508.65 |
| v Punjab National bank | 261.54 | 303.11 |
| | 1,870.55 | 1,898.26 |
| b Vehicle Loan from | | |
| i Axis Bank (Loan 1) | - | 2.67 |
| ii Axis Bank (Loan 2) | 1.23 | 2.88 |
| iii Axis Bank (Loan 3) | 3.21 | - |
| iv Axis Bank (Loan 4) | 4.68 | - |
| | 9.12 | 5.55 |
| Total | 1,879.67 | 1,903.81 |

1 Nature of Security

| a Term Loan | Nature of Security |
|-----------------------------|--|
| i Federal Bank Ltd | Paripassu first charge on the fixed assets and pari passu second charge on the current assets of the company. |
| ii State Bank of Travancore | Paripassu first charge on the fixed assets including equitable mortgage of land and pari passu second charge on the current assets of the company. |
| iii Axis Bank | Paripassu first charge on the fixed assets and pari passu second charge on the current assets of the company. |
| iv Punjab National Bank | Paripassu first charge on the fixed assets including equitable mortgage of land and pari passu second charge on the current assets of the company. |
| b Vehicle Loan from | |
| i Axis Bank (Loan 1) | Hypothecation of Innova car |
| ii Axis Bank (Loan 2) | Hypothecation of Maruti Ritz car |
| iii Axis Bank (Loan 3) | Hypothecation of Maruti Swift Desire car |
| iv Axis Bank (Loan 4) | Hypothecation of Maruti Ertiga car |

2 Personal Guarantee Details

Nil

3 Terms of Repayment of Term Loans

| Loan | Terms of Repayment |
|------------------------------------|--|
| a Federal Bank Ltd | Repayment in graded instalments in 84 months: Month 1 -40 : Rs. 1,50,000/- each Month 41 – 60 : Rs. 2,50,000/- each Month 61 – 84 : Rs. 3,75,000/- each |
| b State Bank of Travancore (TL I) | Repayment in 131 monthly instalments of Rs 7,58,000/- each and final payment of Rs. 7,02,000/- |
| c State Bank of Travancore (TL II) | Repayment in 131 monthly instalments of Rs 4,55,000/- each and final payment of Rs 3,95,000/- |



| | |
|------------------------------|---|
| d Axis Bank | Repayment in 59 monthly instalments of Rs 16,66,000/- each and last instalment of Rs. 17,06,000/- |
| e Punjab National bank | Repayment in 120 monthly instalments of Rs 4,17,000/- each commencing from June 2014 |
| f Axis Bank (Vehicle Loan 1) | Repayment in 36 EMI of Rs 37615- each |
| g Axis Bank (Vehicle Loan 2) | Repayment in 36 EMI of Rs 17399/- each |
| h Axis Bank (Vehicle Loan 3) | Repayment in 60 EMI of Rs 11044/- each |
| i Axis Bank (Vehicle Loan 4) | Repayment in 60 EMI of Rs 16083/- each |

There is no continuing default/default as on the date of balance sheet in repayment of loans and interest.

Note - 4 : DEFERRED TAX LIABILITY

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--------------------------|--------------------------|--------------------------|
| Deferred Tax liability | 1405.77 | 1,363.83 |
| Less: Deferred Tax Asset | 89.25 | 48.33 |
| TOTAL | 1316.52 | 1,315.50 |

(Rs in Lacs)

| Arising on account of timing difference in Deferred Tax Liability | Current Year | Upto 31.3.2013 | Total as on 31.3.2014 |
|---|--------------|-----------------|-----------------------|
| Depreciation | 19.17 | 1,363.83 | 1,383.00 |
| Less: Deferred Tax Asset | | | |
| Provision for bad and doubtful debt | 14.72 | 15.78 | 30.50 |
| Provision for gratuity & Leave encashment | 3.43 | 32.55 | 35.98 |
| Total | 18.15 | 48.33 | 66.48 |
| Net Deferred Tax Liability | 1.02 | 1,315.50 | 1,316.52 |

Note - 5 : OTHER LONG TERM LIABILITIES

| | | |
|---------------------------------|-------|-------|
| Deposits from dealers/customers | 34.39 | 64.46 |
|---------------------------------|-------|-------|

Note - 6 : LONG TERM PROVISIONS

| | | |
|--------------------------------|-------|-------|
| Provision for Employee Benefit | | |
| Gratuity & Leave encashment | 88.64 | 74.89 |

Note - 7 : SHORT TERM BORROWINGS

| | | |
|--|----------------|-----------------|
| a SECURED LOANS | | |
| LOAN REPAYABLE ON DEMAND FROM BANKS | | |
| i IDBI Bank Ltd (Cash credit) | 299.15 | 276.23 |
| ii Federal Bank Ltd (Cash credit) | 1064.46 | 933.90 |
| iii Bank of India (Cash credit) | 326.29 | 267.43 |
| | 1689.90 | 1,477.56 |
| b UNSECURED LOANS | | |
| i LOANS REPAYABLE ON DEMAND FROM BANKS | | |
| 1 IDBI - Dubai - Buyers Credit | 427.05 | 361.87 |
| 2 Bank of India - Tokyo - Buyer's credit | 43.65 | - |
| TOTAL | 470.70 | 361.87 |



| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| ii LOANS REPAYABLE ON DEMAND FROM OTHERS | | |
| SBI Global Factors Ltd | 21.62 | - |
| | 21.62 | - |
| iii LOANS REPAYABLE ON DEMAND FROM RELATED PARTIES | | |
| Sree Sakthi Constructions & Infrastructre Ltd | 44.00 | - |
| | 44.00 | - |
| TOTAL | 2226.22 | 1,839.43 |

| WORKING CAPITAL FACILITY FROM BANKS | NATURE OF SECURITY | Repayment terms |
|---|--|-----------------|
| a. IDBI Bank Ltd (Cash credit) b. Federal Bank Ltd (Cash credit) c. Bank of India (Cash credit) | All the loans are secured by Pari passu first charge on the entire current assets and paripassu second charge on the entire fixed assets of the company. | on demand |

There is no continuing default/default as on the date of balance sheet in repayment of loans and interest.

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Note - 8 : TRADE PAYABLES | | |
| a Due to Micro, Small and Medium Enterprises | 0.83 | 0.53 |
| b Others (a) Supplies | 2074.36 | 1,803.25 |
| (b) Stores & Spares | 190.26 | 176.36 |
| TOTAL | 2265.45 | 1980.14 |

| Based on the information available with the Company as at the year-end, balance of Rs. 83007/- due to undertaking defined under Micro, Small and Medium Enterprises Development Act, 2006 | | |
|--|------------|------------|
| Particulars | 31.03.2014 | 31.03.2013 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year. | 92,498 | 62,705 |
| The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year. | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | Nil | Nil |
| The amount of interest accrued and remaining unpaid at the end of the year. | 9,491 | 9,565 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. | Nil | Nil |

**Note - 9 : OTHER CURRENT LIABILITIES**

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|----------------------------------|----------------------------------|
| a Current maturity of long term debts | | |
| i Syndicate Bank Ltd | - | 39.48 |
| ii Federal Bank Ltd WCTL I | - | 38.73 |
| iii Federal Bank Ltd WCTL II | 18.00 | - |
| iv SBT panampilly nagar (Term Loan I) | 90.96 | 199.20 |
| v SBT panampilly nagar (Term Loan II) | 54.60 | 110.00 |
| vi Axis Bank | 199.92 | 199.20 |
| vii Punjab National Bank | 41.70 | - |
| viii Vehicle loan 1- Axis Bank | 3.24 | 4.51 |
| ix Vehicle loan 2 - Axis Bank | 2.09 | 2.09 |
| x Vehicle loan 3 - Axis Bank | 1.33 | - |
| xi Vehicle loan 4 - Axis Bank | 1.93 | - |
| | 413.77 | 593.21 |
| b Interest Accrued but not due on unsecured Loans | | |
| i Interest on buyers credit | 1.83 | - |
| ii Interest on factoring facility | 0.30 | - |
| | 2.13 | - |
| c Items covered under Investor Education and Protection fund : | | |
| Dividend Payable | 12.37 | 11.56 |
| | 12.37 | 11.56 |
| d Other liabilities | | |
| i Employee benefit expenses payable | 74.27 | 125.84 |
| ii Statutory dues payable | 209.50 | 102.22 |
| iii Other expense payable | 776.06 | 533.78 |
| | 1059.83 | 761.84 |
| TOTAL | 1488.10 | 1,366.61 |

There are no amounts due and outstanding to be credited to IEPF as at March 31, 2014

Note - 10 : SHORT TERM PROVISIONS

| | | |
|----------------------------------|---------------|---------------|
| a Provision for Employee Benefit | | |
| Gratuity & Leave encashment | 24.31 | 27.50 |
| b Provision others | | |
| Income Tax | 43.86 | 152.45 |
| Proposed dividend | 98.62 | 246.54 |
| Tax on proposed dividend | 16.76 | 41.90 |
| TOTAL | 183.55 | 468.39 |



(Rs. in Lacs)

Note 11 - FIXED ASSETS

| Sl. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---------|------------------------------------|--------------------------|---------------------------|----------------------|------------------------|-----------------|---------------|------------------|------------------------|------------------|------------------|
| | | Balance as on 01.04.2013 | Additions during the year | Sale during the year | Total as on 31.03.2014 | Upto 01.04.2013 | For the year | Sale during year | Total as on 31.03.2014 | As on 31.03.2014 | As on 31.03.2013 |
| 1 | Land | 233.27 | - | - | 233.27 | - | - | - | - | 233.27 | 233.27 |
| 2 | Buildings | 1,287.72 | 22.91 | - | 1,310.63 | 254.25 | 34.48 | - | 288.73 | 1,021.90 | 1,033.47 |
| 3 | Furniture & Fixtures | 54.63 | 0.21 | - | 54.83 | 23.04 | 2.72 | - | 25.76 | 29.07 | 31.58 |
| 4 | Plant & Machinery | 9,096.34 | 133.32 | 38.65 | 9,191.01 | 3,012.40 | 442.03 | 36.71 | 3,417.71 | 5,773.29 | 6,083.94 |
| 5 | Vehicles | 92.61 | 15.75 | - | 108.36 | 56.17 | 6.46 | - | 62.63 | 45.73 | 36.44 |
| 6 | Office Equipments | 50.46 | 13.55 | - | 64.01 | 22.24 | 2.47 | - | 24.71 | 39.30 | 28.22 |
| | TOTAL | 10,815.02 | 185.74 | 38.65 | 10,962.11 | 3,368.10 | 488.16 | 36.71 | 3,819.55 | 7,142.56 | 7,446.92 |
| 7 | Intangible Asset-Computer Software | 23.18 | - | - | 23.18 | 18.96 | 1.74 | - | 20.70 | 2.49 | 4.22 |
| | TOTAL | 10,838.20 | 185.74 | 38.65 | 10,985.29 | 3,387.07 | 489.90 | 36.71 | 3,840.26 | 7,145.05 | 7,451.14 |
| | Figures for the previous year | 10,357.60 | 482.20 | 1.60 | 10,838.20 | 2,884.74 | 502.70 | 0.35 | 3,387.09 | 7,451.14 | 7,472.88 |

Borrowing costs capitalized during this year – Rs. Nil (Previous Year – Rs. 16.30 Lakhs)

The Company has paid entire value for 1.76 Acres of industrial land and has taken the possession of the same at Edayar. Company has started using the land entirely by the beginning of 2013. Final clearance is awaited for effecting legal transfer of ownership. In view of the above and in accordance with substance and economic reality, this amount has been accounted as Land under Fixed Assets.



| | Rs in Lacs 31.03.2014 | | Rs in Lacs 31.03.2013 | |
|---|-----------------------------------|----------------|-----------------------------------|-----------------|
| Note - 12 : NON-CURRENT INVESTMENTS | | | | |
| a Non-Trade Investments- Quoted | Market Value as on 31.3.14 | | Market Value as on 31.3.13 | |
| i In Equity Instruments (2080 Equity shares of I.D.B.I. Ltd of Rs 10 each fully paid up) | 1.36 | 0.35 | 1.67 | 0.35 |
| ii In Mutual Funds | | | | |
| 130597 units of ICICI Prudential Infrastructure fund | 14.97 | 30.01 | 12.93 | 30.01 |
| 96712 Units of L&T Opportunities Fund | 17.09 | 30.00 | 15.35 | 30.00 |
| 23286 units of UTI Master Growth Unit Scheme | 5.97 | 10.00 | 5.32 | 10.00 |
| Sub Total | 39.39 | 70.36 | 35.27 | 70.36 |
| b Non-Trade Investments- Unquoted | | | | |
| In Equity Instruments | | | | |
| i Investments in Subsidiaries | | | | |
| Jala Shaayi Alamparathodu Hydro Power Ltd (47001 Equity Shares of Rs 10 each fully paid up) | | 4.70 | | 4.70 |
| Sree Kailas Palchuram Hydro Power Ltd (47001 Equity Shares of Rs 10 each fully paid up) | | 4.70 | | 4.70 |
| Sree Adi Sakthi Mukkuttathode Hydro Power Ltd (47001 Equity Shares of Rs 10 each fully paid up) | | 4.70 | | 4.70 |
| ii Investment in others | | | | |
| Kerala Enviro Infrastructure Ltd (10000 Equity Shares of Rs 10 each fully paid up) | | 1.00 | | 1.00 |
| Cochin Waste 2 Energy P Ltd (30000 Equity Shares of Rs 10 each fully paid up) | | 3.00 | | 3.00 |
| Sub Total | | 18.10 | | 18.10 |
| TOTAL | | 88.46 | | 88.46 |
| Current market value of the quoted investments is Rs 39.39 Lacs (Previous Year Rs.35.27 Lacs) | | | | |
| Note - 13 : LONG TERM LOANS AND ADVANCES (Unsecured, considered good) | | | | |
| Capital advance | 85.99 | | 134.47 | |
| Less: Provision | 7.86 | 78.13 | 5.83 | 128.64 |
| Security deposit | | 171.85 | | 155.50 |
| Loans and advances to related parties | | | | |
| ADVANCE TO SUBSIDIARY COMPANIES | | | | |
| a Jalashaayi Alamparathode Hydro Power Ltd. | | 7.28 | | 6.38 |
| b Sree Kailas Palchuram Hydro Power Ltd | | 15.89 | | 15.37 |
| c Sree Adisakthi Mukkuttathode Hydro Power Ltd | | 7.42 | | 6.87 |
| TOTAL | | 280.57 | | 312.76 |
| Note - 14 : INVENTORIES | | | | |
| a Raw Materials & Packing Materials | | 434.44 | | 310.65 |
| b Goods in transit (Raw materials) | | 151.30 | | 59.13 |
| c Work-in-progress | | 80.30 | | 96.57 |
| d Finished Goods | | 131.96 | | 56.21 |
| e Stores, Spares & Fuel | | 659.17 | | 575.51 |
| f Renewable Energy Certificate | | 0.72 | | 0.19 |
| TOTAL | | 1457.89 | | 1,098.26 |



MODE OF VALUATION: Inventory of raw materials and consumables are valued at cost or net realizable value, whichever is lower, under FIFO Method. Finished Goods are valued at cost or net realizable value whichever is lower. Cost for the purposes of valuation of finished goods includes cost of material, labour and other direct expenses. Stock-in-process is valued at raw material cost plus proportionate direct cost, wherever applicable.

Inventories in the nature of Renewable Energy Certificates (REC) are accounted for in accordance with Guidance Note on Accounting for Self Generated Emission Reductions issued by ICAI. Accordingly, RECs are recognised on approval of certificate from respective authority, which are valued at lower of cost or net realisable value. Cost comprises of cost incurred for certification of REC and NRV is the floor price fixed by Central Electricity Regulatory Commission.

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Note - 15 : TRADE RECEIVABLES SECURED | | |
| More than six months from the date they became due | - | - |
| UNSECURED | | |
| Considered Good | | |
| (i) Exceeding Six Months From They become Due | 282.61 | 232.24 |
| (ii) Others | 3,309.54 | 2,793.37 |
| Considered Doubtful | 72.35 | 30.75 |
| Less : Provision for doubtful debts | <u>(72.35)</u> | <u>(30.75)</u> |
| TOTAL | <u>3592.15</u> | <u>3,025.61</u> |

Debts due by: (1) Directors: Nil, (2) Officers: Nil, (3) Firms in which any director is a partner: M/s. Cartopacks Rs 65.56 lacs (Previous Year Rs 63.48 Lacs), (4) Private Companies in which any Director is a director or member: Nil

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Note - 16 : CASH AND BANK BALANCES | | |
| a Cash and Cash equivalents | | |
| i Cash in hand | 1.56 | 9.91 |
| ii Balance with banks - Current Accounts | 57.62 | 94.12 |
| b Other bank balances | | |
| i Unpaid Dividend | 12.37 | 11.56 |
| ii Fixed Deposits (kept as margin money against LC/BG limit sanctioned by banks) | 284.13 | 320.97 |
| TOTAL | <u>355.68</u> | <u>436.56</u> |

Details of fixed deposits with banks

| | | |
|------------------|----------------------|----------------------|
| Bank of India | 41.72 | 38.51 |
| Federal Bank Ltd | 142.41 | 162.61 |
| IDBI Bank Ltd. | 100.00 | 119.85 |
| TOTAL | <u>284.13</u> | <u>320.97</u> |

Note - 17 : SHORT TERM LOANS AND ADVANCES

| | | |
|---|----------------------|----------------------|
| a Loans and advances to related parties | | |
| Bonifaz Realtors Ltd | 3.61 | - |
| b Others | | |
| Unsecured, considered good | | |
| i Security deposit | 36.04 | 36.04 |
| ii Advance income tax | 384.58 | 465.30 |
| iii Advance VAT & CENVAT | 133.97 | 128.12 |
| iv Others | 349.59 | 323.50 |
| TOTAL | <u>907.79</u> | <u>952.96</u> |



Note - 18 : OTHER CURRENT ASSETS

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|---|--------------------------|--------------------------|
| (a) Accruals | | |
| (i) Interest accrued on deposits | 19.21 | 20.61 |
| (ii) Other receivables | 12.77 | 18.04 |
| (iii) Interest accrued on trade receivables | 0.00 | - |
| TOTAL | 31.98 | 38.65 |

Note - 19 : REVENUE FROM OPERATIONS

| | | |
|--------------------------------------|-----------------|------------------|
| SALE OF MANUFACTURED PRODUCTS | 21554.41 | 21,743.16 |
| INCOME FROM FOREX TRADING (NETT) | (8.62) | 0.33 |
| OTHER OPERATING INCOME | | |
| Duty draw back income | 2.43 | 1.51 |
| Sales - scrap | 23.38 | 23.78 |
| Sale of Renewable Energy Certificate | 43.03 | 1.88 |
| | <u>68.84</u> | <u>27.17</u> |
| | 21614.63 | 21,770.66 |
| Less: excise duty | 1247.60 | 1,261.37 |
| TOTAL | 20367.03 | 20,509.29 |

Forex Trading, comprising the following activities, have been identified as separate business segment. Since it does not fulfill the reportable segment criteria mentioned in AS 17, only disclosure is made

| | 31.03.14 | 31.03.13 |
|--|---------------|-------------|
| Option trading | (0.07) | 0.47 |
| Profit/(Loss) (Forex Trading) | (8.55) | (0.14) |
| Net Profit/(Loss) from forex trading (Rs. lacs) | (8.62) | 0.33 |

Note - 20 : OTHER INCOME

| | | |
|--|--------------|--------------|
| Interest [TDS Rs 5.10 Lacs (Previous year Rs 2.89 Lacs)] | 50.02 | 45.76 |
| Dividend Received | 1.69 | 0.04 |
| Other Non operating Income | 24.27 | 10.40 |
| TOTAL | 75.98 | 56.20 |

Note - 21 : COST OF MATERIAL CONSUMED

| | | |
|---------------------------|-----------------|------------------|
| Raw Material Consumed | 12136.84 | 11,760.21 |
| Packing Material Consumed | 238.15 | 255.06 |
| TOTAL | 12374.99 | 12,015.27 |

| Consumption of Raw Materials | Value (Rs. in Lacs) | |
|------------------------------|---------------------|-----------------|
| | 31.3.14 | 31.3.13 |
| Imported Waste Paper | 6840.23 | 6460.12 |
| Indigenous Waste Paper | 4195.48 | 4141.76 |
| Indigenous Chemical | 1101.13 | 1158.33 |
| Total | 12136.84 | 11760.21 |



Percentage Consumption of Raw Materials

| | Value (Rs. in Lacs) | | Percentage | |
|--------------|---------------------|-----------------|---------------|---------------|
| | 31.3.14 | 31.3.13 | 31.3.14 | 31.3.13 |
| Imported | 6840.23 | 6460.12 | 56.36 | 54.93 |
| Indigenous | 5296.61 | 5300.09 | 43.64 | 45.07 |
| Total | 12136.84 | 11760.21 | 100.00 | 100.00 |

Note - 22 : (INCREASE) / DECREASE IN STOCK

| | | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|-------------------------------------|--------|--------------------------|--------------------------|
| Closing Stock | | | |
| Finished Goods | 124.47 | | 53.03 |
| Stock in Process | 80.31 | 204.78 | 96.57 |
| Less: Opening Stock | | | |
| Finished Goods | 53.03 | | 126.04 |
| Stock in Process | 96.57 | 149.60 | 141.99 |
| (Increase)/Decrease in Stock | | (55.18) | 118.43 |

Note - 23 : EMPLOYEE BENEFIT EXPENSES

| | | |
|---|----------------|-----------------|
| Salaries, Wages & Allowance | 678.27 | 669.61 |
| Remuneration to Managerial persons | 84.34 | 61.35 |
| Bonus | 30.79 | 25.03 |
| Gratuity | 14.41 | 16.27 |
| Leave Encashment | 1.41 | (0.42) |
| Staff Welfare Expenses | 90.94 | 93.49 |
| Employer's Contribution to PF | 20.54 | 22.30 |
| Employer's Contribution to ESI | 21.45 | 21.58 |
| Cooli charges - contract | 595.98 | 631.77 |
| Allowances and expenses to contract workers | 181.67 | 160.82 |
| Others | 11.50 | 13.60 |
| TOTAL | 1731.30 | 1,715.40 |

Details of Employee Benefits : Disclosures required under Accounting Standard 15 – Employee Benefits (Revised 2005)

a. Defined Contribution Plans: During the Year, the following amounts have been recognised in the Profit and Loss account on account of defined contribution plan

| Particulars | Rs. in Lacs | |
|-------------------------------|-------------|---------|
| | 2013-14 | 2012-13 |
| Employers Contribution to PF | 20.54 | 22.66 |
| Employers Contribution to ESI | 21.45 | 21.70 |

b. Defined benefit Plans- Gratuity:

i. Actuarial Assumptions:

| Particulars | 31.03.2014 | 31.03.2013 |
|--|--|--|
| Mortality Table | Indian Assured Lives (1994-96) Ultimate | Indian Assured Lives (1994-96) Ultimate |
| Attrition Rate | Modified q(x) values above Mortality Table | Modified q(x) values above Mortality Table |
| Discount Rate | 7.00% p.a | 7.00% p.a |
| Rate of increase in compensation level | 5.00% p.a | 5.00% p.a |
| Rate of Return on Plan Assets | Not Applicable | Not Applicable |
| Expected Average remaining working life of Employees (Yrs) | 9.19 | 9.9 |



ii. Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation:

(Rs. in Lacs)

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|---|------------------|------------------|
| Present value of obligations at the beginning of the period | 85.50 | 73.91 |
| Interest Cost | 6.19 | 5.39 |
| Current Service Cost | 5.90 | 6.05 |
| Benefits paid | (4.66) | (4.68) |
| Actuarial (Gain)/Loss | 1.72 | 4.83 |
| Present value of obligations at the end of the period | 94.65 | 85.50 |

iii. Net Asset/Liability to be recognised in the Balance Sheet

(Rs. in Lacs)

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|---|------------------|------------------|
| Present value of obligations at the end of the period | 94.65 | 85.50 |
| Fair value of Plan Assets at the end of the period | - | - |
| Funded Status | (94.65) | (85.50) |
| Unrecognised Actuarial (Gain)/Losses | - | - |
| Net Asst/Liability to be recognised in Balance Sheet | 94.65 | 85.50 |

iv. Expenses recognized in the Profit and Loss Account

(Rs. in Lacs)

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|---|------------------|------------------|
| Current Service Cost | 5.09 | 6.05 |
| Past Service Cost | 0 | 0 |
| Interest Cost | 6.19 | 5.39 |
| Expected Return on Plan Assets | 0 | 0 |
| Curtailment Cost /(Credit) | 0 | 0 |
| Settlement Cost /(Credit) | 0 | 0 |
| Net Actuarial (Gain)/Loss recognised in the period | 1.72 | 4.83 |
| Expenses recognised in the statement of Profit and Loss Account | 13.82 | 16.89 |

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

The estimates of future Salary increases, considered in the actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

c. Defined benefit Plans- Leave Plan

i. Actuarial Assumptions

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|--|---|---|
| Mortality Table | Indian Assured Lives Mortality (1994-96) Ultimate | Indian Assured Lives Mortality (1994-96) Ultimate |
| Attrition Rate | Modified q(x) values under above Mortality Table | Modified q(x) values under above Mortality Table |
| Discount Rate | 7.00% | 7.00% |
| Inter Valuation leave accrual | 24 days per annum | 24 days per annum |
| Rate of increase in compensation level | 5.00% p.a | 5.00% p.a |
| Rate of Return on Plan Assets | Not Applicable | Not Applicable |
| Expected Average remaining working life of Employees (Years) | 9.19 | 9.9 |

ii. Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation:

(Rs. in Lacs)

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|---|------------------|------------------|
| Present value of obligations at the beginning of the period | 16.89 | 17.31 |
| Interest Cost | 1.71 | 1.73 |
| Current Service Cost | 14.97 | 14.77 |
| Benefits paid | - | - |
| Actuarial (Gain)/Loss | (15.27) | (16.92) |
| Present value of obligations at the end of the period | 18.29 | 16.89 |

iii. Net Asset/Liability to be recognised in the Balance Sheet

(Rs. in Lacs)

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|---|------------------|------------------|
| Present value of obligations at the end of the period | 18.29 | 16.89 |
| Fair value of Plan Assets at the end of the period | - | - |
| Funded Status | (18.29) | (16.89) |
| Unrecognised Actuarial (Gain)/Losses | - | - |
| Net Asset/Liability to be recognised in Balance Sheet | 18.29 | 16.89 |



iv. Expenses recognized in the Profit and Loss Account

(Rs. in Lacs)

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|---|---------------------|---------------------|
| Current Service Cost | 14.97 | 14.77 |
| Past Service Cost | - | - |
| Interest Cost | 1.71 | 1.73 |
| Expected Return on Plan Assets | - | - |
| Curtailment Cost /(Credit) | - | - |
| Settlement Cost /(Credit) | - | - |
| Net Actuarial (Gain)/Loss recognised in the period | (15.27) | (16.92) |
| Expenses recognised in the statement of Profit and Loss Account | 1.41 | (0.42) |

The above disclosures are based on information furnished by the independent Actuary and relied upon by the auditors.

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Note - 24 : FINANCE COST | | |
| Interest expense | 524.86 | 529.39 |
| Other borrowing cost | 147.21 | 164.68 |
| Applicable net gain/loss on foreign currency transaction/translation | 13.50 | 21.25 |
| TOTAL | 685.57 | 715.32 |

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|---|--------------------------|--------------------------|
| Note - 25 : DEPRECIATION AND AMORTIZATION EXPENSES | | |
| Depreciation | 488.16 | 498.29 |
| Amortization | 1.74 | 4.41 |
| | 489.90 | 502.70 |

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Note - 26 : OTHER EXPENSES | | |
| Payment to Auditor : Audit Fees | 5.00 | 5.50 |
| Auditors Out of pocket Expense | 0.00 | 0.26 |
| Fee for other services | 1.19 | 0.70 |
| Audit fee for certification | 0.05 | 0.11 |
| Stores & spares consumed | 565.56 | 504.49 |
| Power and fuel | 3166.31 | 3044.77 |
| Rent | 57.42 | 36.66 |
| Repairs and Maintenance- Plant & Machinery | 204.88 | 196.32 |
| Repairs and Maintenance- Building | 8.73 | 7.42 |
| Insurance charges | 26.29 | 13.72 |
| Rates & Taxes | 10.05 | 22.02 |
| Discount | 122.50 | 133.38 |
| Sales Commission | 186.71 | 182.34 |
| Miscellaneous expenses | 716.31 | 630.14 |
| TOTAL | 5,071.00 | 4,777.83 |



a Consumption - Stores & Spares

| Particulars | Value (Rs. in Lacs) | | Percentage | |
|--------------|---------------------|---------------|---------------|---------------|
| | 31-3-14 | 31-3-13 | 31-3-14 | 31-3-13 |
| Indigenous | 565.56 | 504.49 | 100.00 | 100.00 |
| Total | 565.56 | 504.49 | 100.00 | 100.00 |

b Stock-in-Process

| Particulars | Quantity (in MT) | | Value (Rs. in Lacs) | |
|-------------|------------------|---------|---------------------|---------|
| | 31-3-14 | 31-3-13 | 31-3-14 | 31-3-13 |
| Opening | 368.01 | 597.44 | 90.11 | 141.98 |
| Closing | 268.36 | 368.01 | 83.31 | 90.11 |

c Donations to Political parties (Amount in Rs.)

| Particulars | 2013-14 | 2012-13 |
|-------------------------|---------------|---------------|
| CPI (M) | 5,000 | 10,000 |
| CONGRESS (I) | 15,000 | 15,000 |
| KERALA CONGRESS (M) | 10,000 | - |
| KERALA CONGRESS (JACOB) | 500 | - |
| CMP | 1,000 | - |
| JANATHADAL (S) | 15,000 | - |
| IUML | - | 3,000 |
| Total | 46,500 | 28,000 |

d Value of Imports calculated on C.I.F Basis

(Rs. in Lacs)

| Particulars | 2013-14 | 2012-13 |
|-------------------|----------|----------|
| Raw Material | 6,249.74 | 5,567.65 |
| Stores and Spares | 13.80 | 10.68 |

e Expenditure in Foreign Currency: (Rs. in Lacs)

| Particulars | 2013-14 | 2012-13 |
|--------------------|---------|---------|
| Travelling Expense | 0.36 | - |

f Earnings in Foreign Exchange (Rs. in Lacs)

| Particulars | 2013-14 | 2012-13 |
|------------------------------|---------|---------|
| Export of goods on FOB Basis | 129.74 | 78.39 |

g Details in respect of related parties pursuant to AS 18

| Sl. No. | Name of Related party | Nature of Relationship | Details of Transactions | | |
|---------|-----------------------|--|-------------------------|----------------------|---------|
| | | | Nature of Transactions | Amount (Rs. in Lacs) | |
| | | | | 2013-14 | 2012-13 |
| 1 | Mr S Raj Kumar | Key Management Personnel (Vice Chairman & Managing Director) | Managerial Remuneration | 36.82 | 35.55 |
| | | | Rent | 13.12 | 4.30 |
| 2 | Mrs Rajee Rajkumar | Relative of Key Management Personnel | No transaction | - | - |
| 3 | Mr Vignesh Rajkumar | | No transaction | - | - |
| 4 | Mr Vishakh Rajkumar | | No transaction | - | - |
| 5 | Mr S Sivathanu Pillai | | Sitting Fees | 0.88 | 1.00 |
| 6 | Mrs E Kamalam | | Sitting Fees | 0.40 | 0.60 |
| 7 | Mr S Subramoniam | | Sitting Fees | 0.50 | 0.60 |
| | | | Rent | 3.35 | - |
| 8 | Mr A Ganesh | | Rent | 0.35 | - |
| 9 | Mr S Giridhar | | Sitting Fees | 0.50 | 0.60 |



| Sl. No. | Name of Related party | Nature of Relationship | Details of Transactions | | |
|---------|---|---|----------------------------------|----------------------|----------|
| | | | Nature of Transactions | Amount (Rs. in Lacs) | |
| | | | | 2013-14 | 2012-13 |
| 10 | Mr A. Padmanabhan | Key Management Personnel (Executive Director) | Remuneration and Allowances | 22.80 | 22.80 |
| | | | Rent | 4.68 | - |
| 11 | Mr N. Rajagopal Pai | Key Management Personnel (Director-Operations) | Remuneration and Allowances | 10.70 | 3.00 |
| 12 | Mr. N. Purushotama Prabhu | | Remuneration and Allowances | 7.01 | - |
| 13 | ShriKailash Logistics Limited | Enterprises over which any person mentioned in 1 to 6 above is able to exercise significant influence | Freight Charges | 339.38 | 317.69 |
| | | | Unsecured loan | 135.00 | - |
| Rent | 3.78 | | - | | |
| 14 | Carto Packs | | Purchase of Raw Material | 90.50 | 139.27 |
| | | | Sale of Finished Goods | 214.76 | 240.90 |
| 15 | SreeSakthi Constructions and Infrastructure (P) Ltd | | Civil work | 21.28 | 68.50 |
| | | | Unsecured Loan | 100.00 | - |
| 16 | Maharaj Continental Trades Ltd | | Sales Commission | 212.47 | 275.50 |
| 17 | Sree Giri Packagings Ltd | | Purchase of Raw Material | 4,724.27 | 4,318.06 |
| 18 | Verizon Industrial Aids Ltd | | Purchase of Raw Material | 1,356.76 | 1,077.78 |
| 19 | Bonifaz Realtors Ltd | Unsecured Loan | 3.61 | - | |
| 20 | Sree Kashyap Surya Energy Equipments Pvt Ltd | No transaction | - | - | |
| 21 | Jala Shaayi Alamparathodu Hydro Power Ltd | Subsidiary Company | Unsecured Loan | 0.90 | 0.60 |
| | | | Investment in Subsidiary Company | 4.70 | 4.70 |
| 22 | Sree Kailas Palchuram Hydro Power Ltd | | Unsecured Loan | 0.52 | 0.56 |
| | | | Investment in Subsidiary Company | 4.70 | 4.70 |
| 23 | Sree Adi Sakthi Mukkuttathode Hydro Power Ltd | | Unsecured Loan | 0.56 | 0.59 |
| | | | Investment in Subsidiary Company | 4.70 | 4.70 |

h Earnings per share:

The company reports basic and diluted Earnings per Share in accordance with AS 20. Basic Earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding at the end of the year. Diluted Earnings per share have been computed using the weighted average number of equity shares and potential equity shares outstanding at the end of the year.



| Particulars | 31.03.2014 | 31.03.2013 |
|---|------------|------------|
| Profit after tax (in Rs. in Lacs) | 116.08 | 469.12 |
| Weighted average number of shares used as denominator for calculating basic and diluted earning per share | 16,436,217 | 16,436,217 |
| Nominal value of shares (Rs.) | 10 | 10 |
| Basic and diluted earnings per share (Rs.) | 0.71 | 2.85 |

i CONTINGENT LIABILITIES NOT PROVIDED FOR

- i Unexpired Contracts for Capital Expenditure : Rs 277.37 Lacs (Previous year Rs 284 Lacs)
- ii Usance Letter of credit remaining unpaid as on 31.03.2014 amounts to Rs 2319.39 Lacs (Previous years Rs. 2329 Lacs)
- iii Guarantee given by bank on behalf of the Company Rs 166.58 Lacs (Previous year Rs 134.07 Lacs)
- iv Amount of Income tax liabilities disputed in appeal Rs 152.07 Lacs (Previous year Rs 152.07 Lacs)
- v Additional claims of electricity charges disputed Rs 2.80 Lacs (Previous year Rs 53.15 Lacs)
- vi Sales Tax demand disputed under appeal is Rs 15.66 Lacs (Previous year 15.48 Lacs)
- vii Excise duty disputed under appeal Rs 143.78 Lacs (previous year Rs 0.95 Lacs)
- viii Claim towards water charge raised by Kerala Water Authority for Rs 78.42 Lacs disputed in appeal (Previous year Rs 78.42 Lacs)

j Details of Provisions Pursuant to Accounting Standard – 29 – Provisions, Contingent Liabilities and Contingent Assets

(Rs. in Lacs)

| | Opening Balance | | Provision made during the year | | Utilized during the year | | Closing Balance | |
|-----------------------------|-----------------|----------|--------------------------------|---------|--------------------------|---------|-----------------|----------|
| | 01.04.13 | 01.04.12 | 2013-14 | 2012-13 | 2013-14 | 2012-13 | 31.03.14 | 31.03.13 |
| Sundry Debtors | 30.75 | 31.38 | 90.00 | 30.75 | 28.40 | 31.38 | 92.35 | 30.75 |
| Income tax | 209.62 | 265.34 | 43.86 | 224.11 | 56.20 | 279.83 | 197.28 | 209.62 |
| Proposed Dividend | 248.76 | 345.16 | 98.62 | 246.54 | 248.76 | 342.94 | 98.62 | 248.76 |
| Corporate Dividend tax | 41.90 | 55.99 | 16.76 | 41.90 | 41.90 | 55.99 | 16.76 | 41.90 |
| Gratuity & Leave encashment | 102.39 | 91.22 | 14.90 | 15.63 | 4.34 | 4.46 | 112.95 | 102.39 |

Subject to our report of even date

For Balan & Co.
Chartered Accountants
FRN: 000340S

Sd/-
A. Mohanan, B.Sc., FCA, DISA
M. No.20627
Partner

Cochin -16
30-05-2014

Sd/-
R. Ponnambalam
Company Secretary

Sd/-
Rajesh R, FCA
GM (Finance & Accounts)

For and on behalf of the Board
Sd/-
A.S. Unny, Chairman (DIN 00363027)

Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing Director

Sd/-
A. Padmanabhan
Executive Director (DIN 00037472)

Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

In terms of AS - 3 on Cash Flow Statement under Indirect Method

| | Rs in Lacs 2013-14 | Rs in Lacs 2012-13 |
|---|-----------------------|-----------------------|
| A Cash Flow from Operating activities | | |
| Net profit Before Taxation | 145.43 | 720.54 |
| Adjustment for: | | |
| Provision for Depreciation | 489.90 | 502.70 |
| Interest on Borrowings | 685.57 | 720.34 |
| Interest Income | (50.01) | (45.76) |
| Dividend income | (1.69) | (0.03) |
| Loss on sale of Fixed Assets | (3.98) | 0.27 |
| | <u>1,119.79</u> | <u>1,177.52</u> |
| | 1,265.22 | 1,898.06 |
| Operating profit before working capital changes | | |
| (Increase)/Decrease in Sundry Debtors | (566.54) | (501.39) |
| (Increase)/Decrease in Loans & Advances | 2.90 | 192.37 |
| (Increase)/Decrease in Inventories | (359.63) | 888.19 |
| Increase/(Decrease) in Sundry Creditors & Other liabilities | 566.74 | (230.05) |
| | <u>(356.53)</u> | <u>349.12</u> |
| Cash from operations | 908.69 | 2,247.18 |
| Income tax paid | (56.20) | (279.83) |
| Net cash from operating activities | 852.49 | 1,967.35 |
| B Cash flow from Investing Activities | | |
| Purchase of Fixed assets | (185.74) | (482.20) |
| Capital Work-in-Progress | (14.42) | 13.31 |
| Sale of Fixed assets | 5.91 | 0.98 |
| Interest Income | 50.02 | 45.76 |
| Dividend received | 1.69 | 0.03 |
| Proceeds from Sale of Investments | | |
| Net cash from Investing activities | (142.54) | (422.12) |
| C. Cash flow from Financing activities | | |
| Proceeds from Long term Borrowings | 213.41 | 305.21 |
| Proceeds from working capital borrowings | 212.34 | (49.70) |
| Proceeds from unsecured loan - buyers credit | 174.46 | - |
| Repayment of Long term Borrowings | (417.00) | (573.61) |
| Repayment of Short term Borrowings - buyers credit | - | (118.50) |
| Interest on borrowings | (685.57) | (720.34) |
| Dividend & Corporate Dividend Tax paid | (288.47) | (401.15) |
| Net Cash flow from Financing Activities | (790.83) | (1,558.09) |
| Net Increase/Decrease in Cash & Cash Equivalents | (80.88) | (12.86) |
| Cash & Cash Equivalents ason 31/3/13 | 436.56 | 449.42 |
| Cash & Cash Equivalents ason 31/3/14 | 355.68 | 436.56 |

Subject to our report of even date

For Balan & Co.
Chartered Accountants
FRN: 000340S

Sd/-
A. Mohanan, B.Sc., FCA, DISA
M. No.20627
Partner

Cochin -16
30-05-2014

Sd/-
R. Ponnambalam
Company Secretary

Sd/-
Rajesh R, FCA
GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
A.S. Unny, Chairman (DIN 00363027)

Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing Director

Sd/-
A. Padmanabhan
Executive Director (DIN 00037472)

Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations

**STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES**

| Sl.No. | Particulars | Subsidiary Companies | | |
|--------|---|---|--|--|
| 1 | Name of The Company | Jalashaayi Alamparathodu Hydro Power Ltd. | Sree Adi Sakthi Mukkuttathode Hydro Power Ltd. | Sree Kailas Palchuram Hydro Power Ltd. |
| 2 | Financial Year of the Subsidiary Company ended on | 31.03.2014 | 31.03.2014 | 31.03.2014 |
| 3 | Extent of the Holding Company's Interest | | | |
| | i) Shares of the Subsidiary held by the company on the above date | 47001 Equity Shares of Rs. 10 each | 47001 Equity Shares of Rs. 10 each | 47001 Equity Shares of Rs. 10 each |
| | ii) Extent of the Holding Company's Interest | 47% of paid up Equity Share Capital | 47% of paid up Equity Share Capital | 47% of paid up Equity Share Capital |
| 4 | The net aggregate amount of the Subsidiary Company's Profit/loss so far as it concerns the members of the Holding Company | | | |
| | a) Not delt with in the Holding company's accounts: | | | |
| | i) For the financial year ended 31st March 2013 | Profit of Rs 0.71 lacs | Profit of Rs 0.73 lacs | Profit of Rs 0.39 lacs |
| | ii) For the previous financial years of the Subsidiary Company Since it became Holding Company's subsidiary | Loss of Rs. 0.48 Lacs | Loss of Rs. 0.47 Lacs | Loss of Rs. 0.12 Lacs |
| | b) Delt with in the Holding Company's accounts: | | | |
| | i) For the financial year ended 31st March 2014 | Nil | Nil | Nil |
| | ii) For the previous financial years of the Subsidiary Company Since it became Holding Company's subsidiary | Nil | Nil | Nil |

Cochin - 16
30-05-2014Sd/-
R. Ponnambalam
Company SecretarySd/-
Rajesh R, FCA
GM (Finance & Accounts)For and on behalf of the Board
Sd/-
A.S. Unny, Chairman (DIN 00363027)Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing DirectorSd/-
A. Padmanabhan
Executive Director (DIN 00037472)Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations



BALAN & Co.

Chartered Accountants

39/181 D, 'Anantha', Mahakavi G Road, Karikkamuri, Kochi - 682 011

Ph: 0484-2360663, 2360773, 2375663, Fax: 2377663

E-mail: balanandcokochi@gmail.com, kochi@balanandco.com, www.balanandco.com

CA V. Sivadas Menon

CA A. Mohanan

CA C.S. Rajeev

CA P. Unnikrishnan

CA Joyal George

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of M/s. Sree Sakthi Paper Mills Limited, Kochi.

We have audited the accompanying Consolidated financial statements of M/s. Sree Sakthi Paper Mills Limited, Kochi and its subsidiaries – Sree Adi Sakthi Mukkuttathodu Hydro power limited, Sree Kailas Palchuram Hydro Power Limited and Jalashaayi Alamparathodu Hydro power Limited, which comprises of:-

- The Consolidated Balance Sheet as at 31st March, 2014
- The Consolidated Statement of Profit and Loss for the year ended 31st March 2014
- Consolidated Cash Flow Statement for the year then ended 31st March 2014, and
- Summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on 31st March 2014, and
- In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended 31st March 2014.

For **BALAN & CO.**

CHARTERED ACCOUNTANTS

Sd/-

A. MOHANAN, B.Sc., FCA, DISA

Partner (M.No.20627)

FRN: 000340S

Kochi - 11
30.05.2014

**BALANCE SHEET AS AT 31ST MARCH 2014**

| | Note No. | 31-03-2014 Rs. in Lacs | 31-03-2013 Rs. in Lacs |
|---|----------|---------------------------|---------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Share Holders' Funds: | | | |
| (a) Share Capital | 1 | 1,643.62 | 1,643.62 |
| (b) Reserves & Surplus | 2 | 2,749.49 | 2747.91 |
| (c) Money received against share warrants | | - | - |
| (2) Minority Interest | | 15.12 | 14.15 |
| (3) Non-Current Liabilities | | | |
| (a) Long term borrowings | 3 | 1,879.67 | 1,903.81 |
| (b) Deferred tax liabilities (Net) | 4 | 1,316.56 | 1,315.58 |
| (c) Other long term liabilities | 5 | 34.39 | 64.46 |
| (d) Long term provisions | 6 | 88.64 | 74.89 |
| (4) Current Liabilities | | | |
| (a) Short term borrowings | 7 | 2,226.22 | 1,839.43 |
| (b) Trade payables | 8 | 2,265.45 | 1,980.14 |
| (c) Other current liabilities | 9 | 1,488.63 | 1,366.99 |
| (d) Short-term provisions | 10 | 184.96 | 469.68 |
| TOTAL | | 13,892.75 | 13,420.66 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 11 | 7,142.70 | 7,447.18 |
| (ii) Intangible assets | | 2.48 | 4.22 |
| (iii) Capital work-in-progress | | 16.76 | 2.34 |
| (b) Non-current investments | 12 | 74.36 | 74.36 |
| (c) Deferred tax assets (net) | | - | - |
| (d) Long term loans and advances | 13 | 249.98 | 284.14 |
| (e) Other non-current assets | | | |
| (2) Current assets | | | |
| (a) Inventories | 14 | 1,457.89 | 1,098.26 |
| (b) Trade receivables | 15 | 3,592.15 | 3,025.61 |
| (c) Cash and bank balance | 16 | 410.92 | 487.94 |
| (d) Short-term loans and advances | 17 | 912.79 | 957.96 |
| (e) Other current assets | 18 | 32.72 | 38.65 |
| TOTAL | | 13,892.75 | 13,420.66 |

Subject to our report of even date

For Balan & Co.
Chartered Accountants
FRN: 000340SSd/-
A. Mohanan, B.Sc., FCA, DISA
M. No.20627
PartnerCochin -16
30-05-2014Sd/-
R. Ponnambalam
Company SecretarySd/-
Rajesh R, FCA
GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
A.S. Unny, Chairman (DIN 00363027)Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing DirectorSd/-
A. Padmanabhan
Executive Director (DIN 00037472)Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014**

| | Note No. | 31-03-2014 Rs. in Lacs | 31-03-2013 Rs. in Lacs |
|---|----------|---------------------------|---------------------------|
| I Revenue from Operations | 19 | 20,367.03 | 20,509.29 |
| II Other income | 20 | 80.26 | 60.28 |
| III TOTAL REVENUE (I+II) | | 20,447.29 | 20,569.57 |
| IV EXPENSES | | | |
| Cost of materials consumed | 21 | 12,374.99 | 12,015.27 |
| (Increase) / Decrease in Stock | 22 | (55.18) | 118.43 |
| Employee benefit expense | 23 | 1,731.30 | 1,715.40 |
| Finance cost | 24 | 685.57 | 716.00 |
| Depreciation and amortization Expenses | 25 | 490.04 | 502.84 |
| Other expense | 26 | 5,071.83 | 4,778.73 |
| TOTAL EXPENSES | | 20,298.55 | 19,846.67 |
| V Profit before exceptional and extraordinary items and tax (III-IV) | | 148.74 | 722.90 |
| VI Exceptional Items - Income tax relating to earlier years | | 2.28 | 17.64 |
| VII Profit before extraordinary items (V-VI) | | 146.46 | 705.26 |
| VIII Extraordinary Items | | - | - |
| IX Profit before Tax (VII-VIII) | | 146.26 | 705.26 |
| X Tax Expense | | | |
| (1) Current tax (MAT) | | 45.27 | 153.74 |
| Less MAT Credit Entitlement | | 17.70 | 128.47 |
| Net tax | | 27.57 | 25.27 |
| (2) Deferred tax | | 0.98 | 209.66 |
| XI Profit (Loss) for the period from continuing operations (IX-X) | | 117.91 | 470.33 |
| XII Profit/(loss) from discontinuing operations | | - | - |
| XIII Tax expense of discontinuing operations | | - | - |
| XIV Profit/(loss) for the year (before adjustment for minority interest) | | 117.91 | 470.33 |
| XV Less : Share of Profit/(Loss) transferred to minority interest | | 0.97 | 0.65 |
| XVI Profit for the year after adjustment for minority interest (XIV-XV) | | 116.94 | 469.68 |
| XVII Earnings Per Equity Share (Basic and Diluted) | | 0.71 | 2.85 |
| Weighted Average Number of Shares | | 16436217 | 16436217 |
| Accounting Policies & Notes on Accounts | 1-26 | | |

Subject to our report of even date

For Balan & Co.
Chartered Accountants
FRN: 000340S

Sd/-
A. Mohanan, B.Sc., FCA, DISA
M. No.20627
Partner

Cochin -16
30-05-2014

Sd/-
R. Ponnambalam
Company Secretary

Sd/-
Rajesh R, FCA
GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
A.S. Unny, Chairman (DIN 00363027)

Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing Director

Sd/-
A. Padmanabhan
Executive Director (DIN 00037472)

Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations



CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

SIGNIFICANT ACCOUNTING POLICIES

1 Basis of accounting

The accounts of the Company are prepared under the historical cost convention on accrual basis as a going concern.

2 Revenue Recognition:

Items of income and expenditure are recognized on accrual basis except for the following, since it is not possible to ascertain with reasonable accuracy the quantum to be provided in respect of:

- a Interest & delayed payment charges on overdue bills pending as on Balance Sheet date.
- b The additional liability, if any, arising at the time of assessment of tax / duty.
- c Insurance and Other claims.

3 Government Grant

Duty Draw Back Income is recognised on accrual basis based on FOB value of exports.

4 Fixed Assets & Depreciation:

Depreciation on fixed assets is provided on pro-rata basis on straight-line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Cost of Fixed Assets has been taken at net of CENVAT availed. Depreciation on additions/deletions is calculated on a monthly pro-rata basis, month of addition is included and month of sale is excluded.

The cost of fixed assets other than those included in the specific project comprises, its purchase price including import duty and other non – refundable taxes or levies, cost directly attributable to bring the asset to its working condition for its intended use, start up and commissioning expenses on test runs and experimental production and finance cost up to the date of capitalization but excluding administration and other general overheads.

Cost of fixed assets under specific project includes all the above and directly relatable administrative and other general overheads.

5 Investments:

Long term Investments are stated at cost less provision for decline in value other than temporary. Current investments are stated at lower of cost and fair market value on category of investment basis.

6 Inventory:

Inventory of raw materials and consumables are valued at cost or net realizable value, whichever is lower, under FIFO Method. Finished Goods are

valued at cost or net realizable value whichever is lower. Cost for the purposes of valuation of finished goods includes cost of material, labour and other direct expenses. Stock-in-process is valued at raw material cost plus proportionate direct cost, wherever applicable.

7 Foreign Currency Transactions:

Expenditure/Income in foreign currency is converted into Indian rupees at the rate of exchange prevailing on the date of transaction. Asset/Liability in respect of foreign exchange transactions outstanding as at the end of the year is restated at the exchange rate prevailing on that date.

8 Forward Contracts:

Premium or discount at the inception of forward contract is recognised as expense or income over the period of contract. Any profit or loss arising on cancellation or renewal of forward contract is recognised as income or expense of the year.

9 Forex Trading

- a) Premium paid at the time of hedging of forex liability is accounted as expense proportionately for the reporting period.
- b) Premium received for trading of option is accounted as income on the date of receipt.
- c) Profit/loss on outstanding futures' contracts are recognised at the closing rate of reporting period using MTM.

10 Deferred tax/Income tax:

Deferred tax is accounted for, by computing the tax effect of timing differences between taxable income and accounting income.

Provision for Current tax is made on the basis of applicable tax laws existing in the country.

Minimum Alternative Tax and its credit are accounted based on the Guidance notes issued by the Institute of Chartered Accountants of India.

Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be availed against which such deferred tax assets can be realised.

11 Intangible Assets:

Intangible asset, viz, computer software is stated at cost of acquisition less accumulated amortization. Computer software is amortized over a period of 5 Years.

**12 Borrowing Costs**

Borrowing Costs charged to Profit & Loss include interest on short and long term bank borrowings. Borrowing costs attributable to qualifying assets up to the date of capitalization are included in the cost of the asset.

13 Others:

- i) Contingent Liabilities are not provided for and are disclosed in notes to the accounts.
- ii) Gratuity and leave encashment liability is worked out based on actuarial valuation as at the end of the year.

14 Impairment

At each Balance sheet date the management reviews the carrying amount of the assets to ascertain impairment loss, if any, to its assets and such losses are appropriately recognized in the accounts.

15 Additional Disclosures

- 1 Most of the balances of Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation.
- 2 Previous year figures have been re-cast, wherever necessary to comply with the requirements of Revised Schedule VI of The Companies Act 1956.
- 3 Assets, Loans and advances are in realizable state in the ordinary course of business.

4 Lease Transactions :

All assets acquired under finance lease basis are capitalized with corresponding liability recognizing the future liability on leases. The total minimum lease payments as on the balance sheet date, interest embedded in such payments and present value of lease payments are as follows :

- | | |
|--|------------------------|
| (i) Total minimum lease payments | Nil (PreviousYear Nil) |
| (ii) Future interest embedded in i) | Nil (PreviousYear Nil) |
| (iii) Present value of lease payments (i-ii) | Nil (PreviousYear Nil) |

Finance charges on lease payments amounting to (Previous Year Nil) for the year has been debited to profit and loss account under the head interest and bank charges. Lease expenses under non cancelable operating lease during the year amounts to Rs NIL(Previous Year Rs Nil)

Future minimum lease payments under non cancellable operating lease as on 31-03-2014 is as follows

| | |
|--|-----|
| Payable within One year | NIL |
| Payable after one year but before five years | NIL |

NOTES ON ACCOUNTS**Note - 1 : SHARE CAPITAL****1 Break up of Share Capital**

AUTHORISED
5,00,00,000 (P.Y 5,00,00,000) Equity shares of Rs 10/- each
ISSUED, SUBSCRIBED AND PAID UP
1,64,36,217 Equity Shares of Rs.10/- each fully paid up

TOTAL

(Out of the issued, subscribed and fully paid up capital, 7693147 (PY 7709533) Equity shares are held by Directors and NIL (PY NIL) by Officers.

2 Reconciliation statement of shares

Number of Equity shares at the beginning of the year
Add: Fresh issue
Less: shares bought back
Number of Equity shares at the end of the year

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--------------|--------------------------|--------------------------|
| | 5,000.00 | 5000.00 |
| | 1,643.62 | 1643.62 |
| TOTAL | 1,643.62 | 1643.62 |
| | | |
| | 16436217 | 16436217 |
| | - | - |
| | - | - |
| | 16436217 | 16436217 |

**Details of Shareholders holding more than 5% Shares**

| Name of shareholder | No. of shares held as on 31.03.14 | % of share holding | No: of shares held as on 31.03.13 | % of share holding |
|---------------------|-----------------------------------|--------------------|-----------------------------------|--------------------|
| Mr. S. Rajkumar | 4,680,114 | 28.47 | 4,680,114 | 28.47 |
| Mr. A. Padmanabhan | 1,317,803 | 8.02 | 1,317,803 | 8.02 |
| Mr. S. Giridhar | 1,090,328 | 6.63 | 1,090,328 | 6.63 |

- 4 During the last 5 years ,the company has not issued any shares pursuant to any contract without payment being received in cash, as bonus shares or has not brought back any shares
- 5 No shares have been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment
- 6 The Company has not issued any securities convertible into Equity or Preference Shares
- 7 No shares have been forfeited till date.
- 8 Out of the total share capital issued and called up, no calls are outstanding as unpaid

Note - 2 : RESERVES & SURPLUS**Capital Reserve**

Amount as per Last Balance Sheet

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Amount as per Last Balance Sheet | 36.68 | 36.68 |
| (+) Additions/ transfers during the Year | - | - |
| Closing Balance | 36.68 | 36.68 |

(+) Additions/ transfers during the Year

Closing Balance

Securities Premium Account

Amount as per Last Balance Sheet

1,667.24

(+) Additions/ transfers during the Year

1,667.24

Closing Balance

1,667.24

General Reserve

Amount as per Last Balance Sheet

533.00

(+) Additions/ transfers during the Year

433.00

Closing Balance

100.00

Surplus

Amount as per Last Balance Sheet

510.99

(+) Net profit/(net loss) for the current year

429.75

(-) Transfer to General Reserve

116.95

(-) Proposed dividend @ 6 % (i.e., Rs. 0.60 per share)

0.00

(-) Dividend distribution tax

98.62

Closing Balance

246.54

TOTAL

16.76

512.56

2749.48

2,747.91

Note 3 : LONG TERM BORROWINGS**Secured****a Term Loans from:**

i Federal Bank Ltd

184.26

ii State Bank of Travancore (Term Loan I)

675.61

iii State Bank of Travancore (Term Loan II)

443.44

iv Axis Bank

305.70

v Punjab National Bank

261.54

303.11

1,870.55

1,898.26



| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|------------------------|--------------------------|--------------------------|
| b Vehicle Loan from | | |
| i Axis Bank (Loan 1) | 0.00 | 2.67 |
| ii Axis Bank (Loan 2) | 1.23 | 2.88 |
| iii Axis Bank (Loan 3) | 3.21 | - |
| iv Axis Bank (Loan 4) | 4.68 | - |
| | 9.12 | 5.55 |
| Total | 1,879.67 | 1,903.81 |

1 Nature of Security

| a Term Loan | Nature of Security |
|----------------------------|--|
| a Federal Bank Ltd | Paripassu first charge on the fixed assets and pari passu second charge on the current assets of the company. |
| b State Bank of Travancore | Paripassu first charge on the fixed assets including equitable mortgage of land and pari passu second charge on the current assets of the company. |
| c Axis Bank | Paripassu first charge on the fixed assets and pari passu second charge on the current assets of the company. |
| d Punjab National Bank | Paripassu first charge on the fixed assets including equitable mortgage of land and pari passu second charge on the current assets of the company. |
| b Vehicle Loan from | |
| i Axis Bank (Loan 1) | Hypothecation of Innova car |
| ii Axis Bank (Loan 2) | Hypothecation of Maruti Ritz car |
| iii Axis Bank (Loan 3) | Hypothecation of Maruti Swift Desire car |
| iv Axis Bank (Loan 4) | Hypothecation of Maruti Ertiga car |

2 Personal Guarantee Details

Nil

3 Terms of Repayment of Term Loans

| Loan | Terms of Repayment |
|---|--|
| a Federal Bank Ltd | Repayment in graded instalments in 84 months: Month 1 -40 : Rs. 1,50,000/- each Month 41 – 60 : Rs. 2,50,000/- each Month 61 – 84 : Rs. 3,75,000/- each |
| b State Bank of Travancore (Term Loan I) | Repayment in 131 monthly instalments of Rs 7,58,000/- each and final payment of Rs. 7,02,000/- |
| c State Bank of Travancore (Term Loan II) | Repayment in 131 monthly instalments of Rs 4,55,000/- each and final payment of Rs 3,95,000/- |
| d Axis Bank | Repayment in 59 monthly instalments of Rs 16,66,000/- each and last instalment of Rs. 17,06,000/- |
| e Punjab National bank | Repayment in 120 monthly instalments of Rs 4,17,000/- each commencing from June 2014 |
| f Axis Bank (Vehicle Loan 1) | Repayment in 36 EMI of Rs 37615- each |
| g Axis Bank (Vehicle Loan 2) | Repayment in 36 EMI of Rs 17399/- each |
| h Axis Bank (Vehicle Loan 3) | Repayment in 60 EMI of Rs 11044/- each |
| i Axis Bank (Vehicle Loan 4) | Repayment in 60 EMI of Rs 16083/- each |

There is no continuing default/default as on the date of balance sheet in repayment of loans and interest.



Note - 4 : DEFERRED TAX LIABILITY

Deferred Tax liability

Less: Deferred Tax Asset

TOTAL

(Rs in Lacs)

| Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--------------------------|--------------------------|
| 1405.81 | 1,363.91 |
| 89.25 | 48.33 |
| 1316.56 | 1,315.58 |

| Arising on account of timing difference in Deferred Tax Liability | Current Year | Upto 31.3.2013 | Total as on 31.3.2014 |
|---|--------------|----------------|-----------------------|
| Depreciation | 19.14 | 1363.91 | 1383.05 |
| Less: Deferred Tax Asset | | | |
| Provision for bad and doubtful debt | 14.72 | 15.78 | 30.50 |
| Provision for gratuity & Leave encashment | 3.43 | 32.55 | 35.98 |
| Total | 18.16 | 48.33 | 66.49 |
| Net Deferred Tax Liability | 0.98 | 1315.58 | 1316.56 |

Note - 5 : OTHER LONG TERM LIABILITIES

Deposits from dealers/customers

34.39

64.46

Note - 6 : LONG TERM PROVISIONS

Provision for Employee Benefit

Gratuity & Leave encashment

88.64

74.89

Note - 7 : SHORT TERM BORROWINGS

a SECURED LOANS

Loan Repayable on demand from Banks

i IDBI Bank Ltd (Cash credit)

299.15

276.23

ii Federal Bank Ltd (Cash credit)

1064.46

933.90

iii Bank of India (Cash credit)

326.29

267.43

1689.90

1477.56

b UNSECURED LOANS

Loans repayable on demand from Banks

i IDBI - Dubai - Buyer's Credit

427.05

361.87

ii Bank of India - Tokyo - Buyer's credit

43.65

-

470.70

361.87

LOANS REPAYABLE ON DEMAND FROM OTHERS

SBI Global Factors Ltd

21.62

-

LOANS REPAYABLE ON DEMAND FROM RELATED PARTIES:

Sree Sakthi Constructions & Infrastructre Ltd

44.00

-

TOTAL

2226.22

1,839.43

| WORKING CAPITAL FACILITY FROM BANKS | NATURE OF SECURITY | Repayment terms |
|---|--|-----------------|
| a. IDBI Bank Ltd (Cash credit) b. Federal Bank Ltd (Cash credit) c. Bank of India (Cash credit) | All the loans are secured by Pari passu first charge on the entire current assets and paripassu second charge on the entire fixed assets of the company. | on demand |

There is no continuing default/default as on the date of balance sheet in repayment of loans and interest.



| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Note - 8 : TRADE PAYABLES | | |
| a Due to Micro, Small and Medium Enterprises | 0.83 | 0.53 |
| b Others (a) Supplies | 2074.36 | 1,803.25 |
| (b) Stores & Spares | 190.26 | 176.36 |
| TOTAL | 2265.45 | 1,980.14 |

Based on the information available with the Company as at the year-end, balance of Rs. 83007/- due to undertaking defined under Micro, Small and Medium Enterprises Development Act, 2006

| Particulars | 31.03.2014 | 31.03.2013 |
|--|------------|------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year. | 92,498 | 62,705 |
| The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year. | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | Nil | Nil |
| The amount of interest accrued and remaining unpaid at the end of the year. | 9,491 | 9,565 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. | Nil | Nil |

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Note - 9 : OTHER CURRENT LIABILITIES | | |
| a Current maturity of term loans | | |
| i Syndicate Bank Ltd | 0 | 39.48 |
| ii Federal Bank Ltd WCTL I | 0 | 38.73 |
| iii Federal Bank Ltd WCTL II | 18.00 | - |
| iv State Bank of Travancore (Term Loan I) | 90.96 | 199.20 |
| v State Bank of Travancore (Term Loan II) | 54.60 | 110.00 |
| vi Axis Bank | 199.92 | 199.20 |
| vii Punjab National Bank | 41.70 | - |
| viii Vehicle loan 1- Axis Bank | 3.24 | 4.51 |
| ix Vehicle loan 2 - Axis Bank | 2.09 | 2.09 |
| x Vehicle loan 3 - Axis Bank | 1.33 | - |
| xi Vehicle loan 4 - Axis Bank | 1.93 | - |
| | 413.77 | 593.21 |
| b Interest Accrued but not due on unsecured Loans | | |
| i Interest on buyers credit | 1.83 | - |
| ii Interest on factoring facility | 0.30 | - |
| | 2.13 | - |
| c Items covered under Investor Education and Protection fund : | | |
| Dividend Payable | 12.37 | 11.56 |
| | 12.37 | 11.56 |
| d Other liabilities | | |
| i Employee benefit expenses payable | 74.27 | 125.84 |
| ii Statutory dues payable | 209.50 | 102.22 |
| iii Other expense payable | 776.59 | 533.78 |
| | 1060.36 | 761.84 |
| TOTAL | 1488.63 | 1,366.61 |



Note 11 - FIXED ASSETS (Rs. in Lacs)

| Sl. No. | Particulars | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|---------|------------------------------------|--------------------------|---------------------------|----------------------|------------------------|-----------------|---------------|------------------|------------------------|------------------|------------------|
| | | Balance as on 01.04.2013 | Additions during the year | Sale during the year | Total as on 31.03.2014 | Upto 01.04.2013 | For the year | Sale during year | Total as on 31.03.2014 | As on 31.03.2014 | As on 31.03.2013 |
| 1 | Land | 233.27 | - | - | 233.27 | - | - | - | - | 233.27 | 233.27 |
| 2 | Buildings | 1,287.72 | 22.91 | - | 1,310.63 | 254.25 | 34.48 | - | 288.73 | 1,021.90 | 1,033.47 |
| 3 | Furniture & Fixtures | 54.63 | 0.21 | - | 54.83 | 23.04 | 2.72 | - | 25.76 | 29.07 | 31.58 |
| 4 | Plant & Machinery | 9,097.08 | 133.32 | 38.65 | 9,191.75 | 3,012.97 | 442.17 | 36.71 | 3,418.43 | 5,774.17 | 6,084.11 |
| 5 | Vehicles | 92.61 | 15.75 | - | 108.36 | 56.17 | 6.46 | - | 62.63 | 45.73 | 36.44 |
| 6 | Office Equipments | 50.46 | 13.55 | - | 64.01 | 22.24 | 2.47 | - | 24.71 | 39.30 | 28.22 |
| | TOTAL | 10,815.87 | 185.74 | 38.65 | 10,962.86 | 3,368.69 | 488.30 | 36.71 | 3,820.26 | 7,143.45 | 7,447.18 |
| 7 | Intangible Asset-Computer Software | 23.18 | - | - | 23.20 | 18.97 | 1.74 | - | 20.70 | 2.48 | 4.22 |
| | TOTAL | 10,839.05 | 185.74 | 38.65 | 10,986.06 | 3,387.66 | 489.90 | 36.71 | 3,840.95 | 7,145.92 | 7,451.40 |
| | Figures for the previous year | 10,358.45 | 482.20 | 1.60 | 10,839.05 | 2,885.17 | 502.84 | 0.35 | 3,387.66 | 7,451.40 | 7,473.28 |

Borrowing costs capitalized during this year – Rs. Nil (Previous Year – Rs. 16.30 Lakhs)

The Company has paid entire value for 1.76 Acres of industrial land and has taken the possession of the same at Edayar. Company has started using the land entirely by the beginning of 2013. Final clearance is awaited for effecting legal transfer of ownership. In view of the above and in accordance with substance and economic reality, this amount has been accounted as Land under Fixed Assets.



Note - 10 : SHORT TERM PROVISIONS

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|----------------------------------|--------------------------|--------------------------|
| a Provision for Employee Benefit | | |
| Gratuity & Leave encashment | 24.31 | 27.50 |
| b Provision others | | |
| Income Tax | 45.27 | 153.74 |
| Proposed dividend | 98.62 | 246.54 |
| Tax on proposed dividend | 16.76 | 41.90 |
| TOTAL | 184.96 | 469.68 |

Note - 12 : NON-CURRENT INVESTMENTS

| | Market Value as on 31.3.14 | | Market Value as on 31.3.13 | |
|---|----------------------------------|--------------|----------------------------------|--------------|
| a Non-Trade Investments- Quoted | | | | |
| i In Equity Instruments (2080 Equity shares of I.D.B.I. Ltd of Rs 10 each fully paid up) | 1.36 | 0.35 | 1.67 | 0.35 |
| ii In Mutual Funds | | | | |
| 130597 units of ICICI Prudential Infrastructure fund | 14.97 | 30.01 | 12.93 | 30.01 |
| 96712 Units of L&T Opportunities Fund | 17.09 | 30.00 | 15.35 | 30.00 |
| 23286 units of UTI Master Growth Unit Scheme | 5.97 | 10.00 | 5.32 | 10.00 |
| Sub Total | 39.39 | 70.36 | 35.27 | 70.36 |
| b Non-Trade Investments- Unquoted | | | | |
| In Equity Instruments | | | | |
| Kerala Enviro Infrastructure Ltd (10000 Equity Shares of Rs 10 each fully paid up) | | 1.00 | | 1.00 |
| Cochin Waste 2 Energy P Ltd (30000 Equity Shares of Rs 10 each fully paid up) | | 3.00 | | 3.00 |
| Sub Total | | 4.00 | | 4.00 |
| TOTAL | | 74.36 | | 74.36 |

Current market value of the quoted investments is Rs 39.39 Lacs (Previous Year Rs.35.27 Lacs)

Note - 13 : LONG TERM LOANS AND ADVANCES (Unsecured, considered good)

| | | | | |
|------------------|-------|---------------|--------|---------------|
| Capital advance | 85.99 | | 134.47 | |
| Less: Provision | 7.86 | 78.13 | 5.83 | 128.64 |
| Security deposit | | 171.85 | | 155.50 |
| TOTAL | | 249.98 | | 284.14 |

Note 14 - INVENTORIES

| | | |
|-------------------------------------|----------------|-----------------|
| a Raw Materials & Packing Materials | 434.44 | 310.65 |
| b Goods in transit - raw material | 151.30 | 59.13 |
| c Work - in - progress | 80.30 | 96.57 |
| d Finished Goods | 131.96 | 56.21 |
| e Stores, Spares & Fuel | 659.17 | 575.51 |
| f Renewable Energy Certificate | 0.72 | 0.19 |
| TOTAL | 1457.89 | 1,098.26 |

MODE OF VALUATION: Inventory of raw materials and consumables are valued at cost or net realizable value, whichever is lower, under FIFO Method. Finished Goods are valued at cost or net realizable value whichever is lower. Cost for the purposes of valuation of finished goods includes cost of material, labour and other direct expenses. Stock-in-process is valued at raw material cost plus proportionate direct cost, wherever applicable.

Inventories in the nature of Renewable Energy Certificates (REC) are accounted for in accordance with Guidance Note on Accounting for Self Generated Emission Reductions issued by ICAI. Accordingly, RECs are recognised on approval of certificate from respective authority, which are valued at lower of cost or net realisable value. Cost comprises of cost incurred for certification of REC and NRV is the floor price fixed by Central Electricity Regulatory Commission.



Note - 15 : TRADE RECEIVABLES SECURED

More than six months from the date they became due

UNSECURED

Considered Good

(i) Exceeding Six Months From They become Due

(ii) Others

Considered Doubtful

Less : Provision for doubtful debts

TOTAL

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|---|--------------------------|--------------------------|
| | - | - |
| (i) Exceeding Six Months From They become Due | 282.61 | 232.24 |
| (ii) Others | 3,309.54 | 2,793.37 |
| Considered Doubtful | 72.35 | 30.75 |
| Less : Provision for doubtful debts | (72.35) | (30.75) |
| TOTAL | 3592.15 | 3,025.61 |

Debts due by: (1) Directors: Nil, (2) Officers: Nil, (3) Firms in which any director is a partner: M/s. Cartopacks Rs 65.56 lacs (Previous Year Rs 63.48 Lacs), (4) Private Companies in which any Director is a director or member: Nil

Note 16 - CASH AND BANK BALANCES

1. Cash and Cash equivalents

(a) Cash in hand

(b) Other bank accounts

2. Other bank balances

(a) Unpaid Dividend

(b) Bank fixed Deposits (kept as margin money against LC/BG limit sanctioned by banks)

TOTAL

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| (a) Cash in hand | 1.56 | 9.91 |
| (b) Other bank accounts | 58.90 | 95.39 |
| (a) Unpaid Dividend | 12.37 | 11.56 |
| (b) Bank fixed Deposits (kept as margin money against LC/BG limit sanctioned by banks) | 338.10 | 371.08 |
| TOTAL | 410.92 | 487.94 |

Details of fixed deposits with banks

Bank of India

Federal Bank Ltd

Industrial Development Bank of India

Total

| | |
|---------------|---------------|
| 41.72 | 38.51 |
| 197.65 | 212.72 |
| 100.00 | 119.85 |
| 339.37 | 371.08 |

Note - 17 : SHORT TERM LOANS AND ADVANCES

a Loans and advances to related parties

Bonifaz Realtors Ltd

b Others

Unsecured, considered good

i Security deposit

ii Advance income tax

iii Advance VAT & CENVAT

iv Others

TOTAL

| | |
|---------------|---------------|
| 3.61 | - |
| 36.04 | 36.04 |
| 384.58 | 465.30 |
| 133.97 | 128.12 |
| 354.59 | 328.50 |
| 912.79 | 957.96 |



Note - 18 : OTHER CURRENT ASSETS

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|---|--------------------------|--------------------------|
| (a) Accruals | | |
| (i) Interest accrued on deposits | 19.21 | 20.61 |
| (ii) Other receivables | 12.77 | 18.04 |
| (iii) Interest accrued on trade receivables | 0.00 | - |
| TOTAL | 31.98 | 38.65 |

Note - 19 : REVENUE FROM OPERATIONS

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--------------------------------------|--------------------------|--------------------------|
| SALE OF MANUFACTURED PRODUCTS | 21554.41 | 21,743.16 |
| INCOME FROM FOREX TRADING (NETT) | (8.62) | 0.33 |
| OTHER OPERATING INCOME | | |
| Duty draw back income | 2.43 | 1.51 |
| Sales - scrap | 23.38 | 23.78 |
| Sale of Renewable Energy Certificate | 43.03 | 1.88 |
| | 68.84 | 27.17 |
| | 21614.63 | 21,770.66 |
| Less: excise duty | 1247.60 | 1,261.37 |
| TOTAL | 20367.03 | 20,509.29 |

Forex Trading, comprising the following activities, have been identified as separate business segment. Since it does not fulfill the reportable segment criteria mentioned in AS 17, only disclosure is made

| | 31.03.14 | 31.03.13 |
|--|---------------|-------------|
| Option trading | (0.07) | 0.47 |
| Profit/(Loss) (Forex Trading) | (8.55) | (0.14) |
| Net Profit/(Loss) from forex trading (Rs. lacs) | (8.62) | 0.33 |

Note - 20 : OTHER INCOME

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Interest [TDS Rs 5.10 Lacs (Previous year Rs 2.89 Lacs)] | 54.30 | 49.84 |
| Dividend Received | 1.69 | 0.04 |
| Other Non operating Income | 24.27 | 10.40 |
| TOTAL | 80.26 | 60.28 |

Note - 21 : COST OF MATERIAL CONSUMED

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|---------------------------|--------------------------|--------------------------|
| Raw Material Consumed | 12136.84 | 11,760.21 |
| Packing Material Consumed | 238.15 | 255.06 |
| TOTAL | 12374.99 | 12,015.27 |

| Consumption of Raw Materials | Value (Rs. in Lacs) | |
|------------------------------|---------------------|-----------------|
| | 31.3.2014 | 31.3.2013 |
| Imported Waste Paper | 6840.23 | 6460.12 |
| Indigenous Waste Paper | 4195.48 | 4141.76 |
| Indigenous Chemical | 1101.13 | 1158.33 |
| Total | 12136.84 | 11760.21 |



| Percentage Consumption of Raw Materials | Value (Rs. in Lacs) | | Percentage | |
|---|---------------------|-----------------|---------------|---------------|
| | 31.3.2014 | 31.3.2013 | 31.3.2014 | 31.3.2013 |
| Imported | 6840.23 | 6460.12 | 56.36 | 54.93 |
| Indigenous | 5296.61 | 5300.09 | 43.64 | 45.07 |
| Total | 12136.84 | 11760.21 | 100.00 | 100.00 |

Note - 22 : (INCREASE) / DECREASE IN STOCK

| | | Rs in Lacs 31.03.2014 | | Rs in Lacs 31.03.2013 |
|-------------------------------------|--------|--------------------------|--------|--------------------------|
| Closing Stock | | | | |
| Finished Goods | 124.47 | | 53.03 | |
| Stock in Process | 80.31 | 204.78 | 96.57 | 149.60 |
| Less: Opening Stock | | | | |
| Finished Goods | 53.03 | | 126.04 | |
| Stock in Process | 96.57 | 149.60 | 141.99 | 268.03 |
| (Increase)/Decrease in Stock | | (55.18) | | 118.43 |

Note - 23 : EMPLOYEE BENEFITS EXPENSES

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|---|--------------------------|--------------------------|
| Salaries, Wages & Allowance | 678.27 | 669.61 |
| Remuneration to Managerial persons | 84.34 | 61.35 |
| Bonus | 30.79 | 25.03 |
| Gratuity | 14.41 | 16.27 |
| Leave Encashment | 1.41 | (0.42) |
| Staff Welfare Expenses | 90.94 | 93.49 |
| Employer's Contribution to PF | 20.54 | 22.30 |
| Employer's Contribution to ESI | 21.45 | 21.58 |
| Cooli charges - contract | 595.98 | 631.77 |
| Allowances and expenses to contract workers | 181.67 | 160.82 |
| Others | 11.50 | 13.60 |
| TOTAL | 1731.30 | 1,715.40 |

Details of Employee Benefits : Disclosures required under Accounting Standard 15 – Employee Benefits (Revised 2005)

a. Defined Contribution Plans: During the Year, the following amounts have been recognised in the Profit and Loss account on account of defined contribution plan

| Particulars | Rs. in Lacs | |
|-------------------------------|-------------|---------|
| | 2013-14 | 2012-13 |
| Employers Contribution to PF | 20.54 | 22.66 |
| Employers Contribution to ESI | 21.45 | 21.70 |

b. Defined benefit Plans- Gratuity:

i. Actuarial Assumptions:

| Particulars | 31.03.2014 | 31.03.2013 |
|--|--|--|
| Mortality Table | Indian Assured Lives (1994-96) Ultimate | Indian Assured Lives (1994-96) Ultimate |
| Attrition Rate | Modified q(x) values above Mortality Table | Modified q(x) values above Mortality Table |
| Discount Rate | 7.00% p.a | 7.00% p.a |
| Rate of increase in compensation level | 5.00% p.a | 5.00% p.a |
| Rate of Return on Plan Assets | Not Applicable | Not Applicable |
| Expected Average remaining working life of Employees (Yrs) | 9.19 | 9.9 |



ii. Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation:

| Particulars | Rs. in Lacs | |
|---|------------------|------------------|
| | As on 31.03.2014 | As on 31.03.2013 |
| Present value of obligations at the beginning of the period | 85.50 | 73.91 |
| Interest Cost | 6.19 | 5.39 |
| Current Service Cost | 5.90 | 6.05 |
| Benefits paid | (4.66) | (4.68) |
| Actuarial (Gain)/Loss | 1.72 | 4.83 |
| Present value of obligations at the end of the period | 94.65 | 85.50 |

iii. Net Asset/Liability to be recognised in the Balance Sheet

| Particulars | Rs. in Lacs | |
|---|------------------|------------------|
| | As on 31.03.2014 | As on 31.03.2013 |
| Present value of obligations at the end of the period | 94.65 | 85.50 |
| Fair value of Plan Assets at the end of the period | - | - |
| Funded Status | (94.65) | (85.50) |
| Unrecognised Actuarial (Gain)/Losses | - | - |
| Net Asst/Liability to be recognised in Balance Sheet | 94.65 | 85.50 |

iv. Expenses recognized in the Profit and Loss Account

| Particulars | Rs. in Lacs | |
|---|------------------|------------------|
| | As on 31.03.2014 | As on 31.03.2014 |
| Current Service Cost | 5.9 | 6.05 |
| Past Service Cost | 0 | 0 |
| Interest Cost | 6.19 | 5.39 |
| Expected Return on Plan Assets | 0 | 0 |
| Curtailment Cost/(Credit) | 0 | 0 |
| Settlement Cost/(Credit) | 0 | 0 |
| Net Actuarial (Gain)/Loss recognised in the period | 1.72 | 4.83 |
| Expenses recognised in the statement of Profit and Loss Account | 13.82 | 16.89 |

The above disclosures are based on information furnished by the independent actuary and relied upon by the auditors.

The estimates of future Salary increases, considered in the actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

c. Defined benefit Plans- Leave Plan

i. Actuarial Assumptions

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|--|---|---|
| Mortality Table | Indian Assured Lives Mortality (1994-96) Ultimate | Indian Assured Lives Mortality (1994-96) Ultimate |
| Attrition Rate | Modified q(x) values under above Mortality Table | Modified q(x) values under above Mortality Table |
| Discount Rate | 7.00% | 7.00% |
| Inter Valuation leave accrual | 24 days per annum | 24 days per annum |
| Rate of increase in compensation level | 5.00% p.a | 5.00% p.a |
| Rate of Return on Plan Assets | Not Applicable | Not Applicable |
| Expected Average remaining working life of Employees (Years) | 9.19 | 9.9 |

ii. Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation:

| Particulars | Rs. in Lacs | |
|---|------------------|------------------|
| | As on 31.03.2014 | As on 31.03.2013 |
| Present value of obligations at the beginning of the period | 16.89 | 17.31 |
| Interest Cost | 1.71 | 1.73 |
| Current Service Cost | 14.97 | 14.77 |
| Benefits paid | - | - |
| Actuarial (Gain)/Loss | (15.27) | (16.92) |
| Present value of obligations at the end of the period | 18.29 | 16.89 |

iii. Net Asset/Liability to be recognised in the Balance Sheet

| Particulars | Rs. in Lacs | |
|---|------------------|------------------|
| | As on 31.03.2014 | As on 31.03.2013 |
| Present value of obligations at the end of the period | 18.29 | 16.89 |
| Fair value of Plan Assets at the end of the period | - | - |
| Funded Status | (18.29) | (16.89) |
| Unrecognised Actuarial (Gain)/Losses | - | - |
| Net Asset/Liability to be recognised in Balance Sheet | 18.29 | 16.89 |



iv. Expenses recognized in the Profit and Loss Account

Rs. in Lacs

| Particulars | As on 31.03.2014 | As on 31.03.2013 |
|---|---------------------|---------------------|
| Current Service Cost | 14.97 | 14.77 |
| Past Service Cost | - | - |
| Interest Cost | 1.71 | 1.73 |
| Expected Return on Plan Assets | - | - |
| Curtailement Cost /(Credit) | - | - |
| Settlement Cost /(Credit) | - | - |
| Net Actuarial (Gain)/Loss recognised in the period | (15.27) | (16.92) |
| Expenses recognised in the statement of Profit and Loss Account | 1.41 | (0.42) |

The above disclosures are based on information furnished by the independent Actuary and relied upon by the auditors.

| | Rs in Lacs 31.03.2014 | Rs in Lacs 31.03.2013 |
|--|--------------------------|--------------------------|
| Note 24 - FINANCE COST | | |
| Interest expense | 524.86 | 530.06 |
| Other borrowing cost | 147.21 | 164.68 |
| Applicable net gain/loss on foreign currency transaction/translation | 13.50 | 21.26 |
| TOTAL | 685.57 | 716.00 |
| Note 25 - DEPRECIATION & AMORTIZATION | | |
| Depreciation | 488.30 | 498.43 |
| Amortization | 1.74 | 4.41 |
| | 490.04 | 502.84 |
| Note 26 - OTHER EXPENSES | | |
| Payment to Auditor | | |
| Audit Fees | 5.00 | 5.65 |
| Auditors Out of pocket Expense | 0.00 | 0.26 |
| Fee for other services | 1.19 | 0.70 |
| Audit fee for certification | 0.05 | 0.11 |
| Stores & spares consumed | 565.56 | 504.49 |
| Power and fuel | 3166.31 | 3,044.77 |
| Rent | 57.42 | 36.66 |
| Repairs and Maintenance- Plant & Machinery | 204.88 | 196.32 |
| Repairs and Maintenance- Building | 8.73 | 7.42 |
| Insurance charges | 26.29 | 13.72 |
| Rates & Taxes | 10.05 | 22.04 |
| Discount | 122.50 | 133.38 |
| Sales Commision | 186.71 | 182.34 |
| Miscellaneous expenses | 717.14 | 630.14 |
| TOTAL | 5,071.83 | 4,777.83 |



CONSUMPTION - STORES & SPARES

| Particulars | Value (Rs. in Lacs) | | Percentage | |
|--------------|---------------------|---------------|---------------|---------------|
| | 31-3-14 | 31-3-13 | 31-3-14 | 31-3-13 |
| Indigenous | 565.56 | 504.49 | 100.00 | 100.00 |
| Imported | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 565.56 | 504.49 | 100.00 | 100.00 |

Earnings in Foreign Exchange (Rs. in Lacs)

| Particulars | 2013-14 | 2012-13 |
|------------------------------|---------|---------|
| Export of goods on FOB Basis | 129.74 | 78.39 |

Donations to Political parties (Amount in Rs.)

| Particulars | 2013-14 | 2012-13 |
|-------------------------|---------------|---------------|
| CPI (M) | 5,000 | 10,000 |
| CONGRESS (I) | 15,000 | 15,000 |
| KERALA CONGRESS (M) | 10,000 | - |
| KERALA CONGRESS (JACOB) | 500 | - |
| CMP | 1,000 | - |
| JANATHADAL (S) | 15,000 | - |
| IUML | - | 3,000 |
| Total | 46,500 | 28,000 |

Value of Imports calculated on C.I.F Basis

(Rs. in Lacs)

| Particulars | 2013-14 | 2012-13 |
|-------------------|----------|----------|
| Raw Material | 6,249.74 | 5,567.65 |
| Stores and Spares | 13.80 | 10.68 |

STOCK-IN-PROCESS

| Particulars | Quantity (in MT) | | Value (Rs. in Lacs) | |
|-------------|------------------|---------|---------------------|---------|
| | 31-3-14 | 31-3-13 | 31-3-14 | 31-3-13 |
| Opening | 368.01 | 597.44 | 90.11 | 141.98 |
| Closing | 268.36 | 368.01 | 83.31 | 90.11 |

Expenditure in Foreign Currency: (Rs. in Lacs)

| Particulars | 2013-14 | 2012-13 |
|--------------------|---------|---------|
| Travelling Expense | 0.36 | - |
| Export Commission | - | - |
| Export Claim | - | - |

Details in respect of related parties pursuant to AS 18

| Sl. No. | Name of Related party | Nature of Relationship | Details of Transactions | | |
|---------|-----------------------|---|-------------------------|----------------------|---------|
| | | | Nature of Transactions | Amount (Rs. in Lacs) | |
| | | | | 2013-14 | 2012-13 |
| 1 | Mr S Raj Kumar | Key Management Personnel (Vice Chairman & Managing Director) | Managerial Remuneration | 36.82 | 35.55 |
| | | | Rent | 13.12 | 4.30 |
| 2 | Mrs Rajee Rajkumar | Relative of Key Management Personnel | No transaction | - | - |
| 3 | Mr Vignesh Rajkumar | | No transaction | - | - |
| 4 | Mr Vishakh Rajkumar | | No transaction | - | - |
| 5 | Mr S Sivathanu Pillai | | Sitting Fees | 0.88 | 1.00 |
| 6 | Mrs E Kamalam | | Sitting Fees | 0.40 | 0.60 |
| 7 | Mr S Subramoniam | | Sitting Fees | 0.50 | 0.60 |
| | | | Rent | 3.35 | - |
| 8 | Mr A Ganesh | | Rent | 0.35 | - |
| 9 | Mr S Giridhar | | Sitting Fees | 0.50 | 0.60 |



| Sl. No. | Name of Related party | Nature of Relationship | Details of Transactions | | |
|---------|---|---|----------------------------------|-----------------------|----------|
| | | | Nature of Transactions | Amount (Rs. in Lakhs) | |
| | | | | 2013-14 | 2012-13 |
| 10 | Mr A. Padmanabhan | Key Management Personnel (Executive Director) | Remuneration and Allowances | 22.80 | 22.80 |
| | | | Rent | 4.68 | - |
| 11 | Mr N. Rajagopal Pai | Key Management Personnel (Director-Operations) | Remuneration and Allowances | 10.70 | 3.00 |
| 12 | Mr. N. Purushothama Prabhu | | Remuneration and Allowances | 7.01 | - |
| 13 | ShriKailash Logistics Limited | Enterprises over which any person mentioned in 1 to 6 above is able to exercise significant influence | Freight Charges | 339.38 | 317.69 |
| | | | Unsecured loan | 135.00 | - |
| Rent | 3.78 | | - | | |
| 14 | Carto Packs | | Purchase of Raw Material | 90.50 | 139.27 |
| | | | Sale of Finished Goods | 214.76 | 240.90 |
| 15 | SreeSakthi Constructions and Infrastructure (P) Ltd | | Civil work | 21.28 | 68.50 |
| | | | Unsecured Loan | 100.00 | - |
| 16 | Maharaja Continental Trades Ltd | | Sales Commission | 212.47 | 275.50 |
| 17 | Sree Giri Packagings Ltd | | Purchase of Raw Material | 4,724.27 | 4,318.06 |
| 18 | Verizon Industrial Aids Ltd | | Purchase of Raw Material | 1,356.76 | 1,077.78 |
| 19 | Bonifaz Realtors Ltd | Unsecured Loan | 3.61 | - | |
| 20 | Sree Kashyap Surya Energy Equipments Pvt Ltd | No transaction | - | - | |
| 21 | Jala Shaayi Alamparathodu Hydro Power Ltd | Subsidiary Company | Unsecured Loan | 0.90 | 0.60 |
| | | | Investment in Subsidiary Company | 4.70 | 4.70 |
| 22 | Sree Kailas Palchuram Hydro Power Ltd | | Unsecured Loan | 0.52 | 0.56 |
| | | | Investment in Subsidiary Company | 4.70 | 4.70 |
| 23 | Sree Adi Sakthi Mukkuttathode Hydro Power Ltd | | Unsecured Loan | 0.56 | 0.59 |
| | | | Investment in Subsidiary Company | 4.70 | 4.70 |

Earnings per share:

The company reports basic and diluted Earnings per Share in accordance with AS 20. Basic Earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding at the end of the year. Diluted Earnings per share have been computed using the weighted average number of equity shares and potential equity shares outstanding at the end of the year.



| Particulars | 31.03.2014 | 31.03.2013 |
|---|------------|------------|
| Profit after tax (in Rs in Lacs) | 119.40 | 469.12 |
| Weighted average number of shares used as denominator for calculating basic and diluted earning per share | 16436217 | 16436217 |
| Nominal value of shares (Rs.) | 10 | 10 |
| Basic and diluted earnings per share (Rs.) | 0.73 | 2.85 |

NOTE 27 - CONTINGENT LIABILITIES NOT PROVIDED FOR

- Unexpired Contracts for Capital Expenditure : Rs 277.37 Lacs (Previous year Rs 284 Lacs)
- Usance Letter of credit remaining unpaid as on 31.03.2014 amounts to Rs 2319.39 Lacs (Previous years Rs. 2329 Lacs)
- Guarantee given by bank on behalf of the Company Rs 166.58 Lacs (Previous year Rs 134.07 Lacss)
- Amount of Income tax liabilities disputed in appeal Rs 152.07 Lacs (Previous year Rs 152.07 Lacs)
- Additional claims of electricity charges disputed Rs 2.80 Lacs (Previous year Rs 53.15 Lacs)
- Sales Tax demand disputed under appeal is Rs 15.66 Lacs (Previous year 15.48 Lacs)
- Excise duty disputed under appeal Rs 143.78 Lacs (Previous year Rs 0.95 Lacs)
- Claim towards water charge raised by Kerala Water Authority for Rs 78.42 Lacs disputed in appeal (Previous year Rs 78.42 Lacs)

Details of Provisions Pursuant to Accounting Standard – 29 – Provisions, Contingent Liabilities and Contingent Assets*(Rs. in Lacs)*

| | Opening Balance | | Provision made during the year | | Utilized during the year | | Closing Balance | |
|-----------------------------|-----------------|----------|--------------------------------|---------|--------------------------|---------|-----------------|----------|
| | 01.04.13 | 01.04.12 | 2013-14 | 2012-13 | 2013-14 | 2012-13 | 31.03.14 | 31.03.13 |
| Sundry Debtors | 30.75 | 31.38 | 90.00 | 30.75 | 28.40 | 31.38 | 92.35 | 30.75 |
| Income tax | 209.62 | 265.34 | 43.86 | 224.11 | 56.20 | 279.83 | 197.28 | 209.62 |
| Proposed Dividend | 248.76 | 345.16 | 98.62 | 246.54 | 248.76 | 342.94 | 98.62 | 248.76 |
| Corporate Dividend tax | 41.9 | 55.99 | 16.76 | 41.90 | 41.90 | 55.99 | 16.76 | 41.9 |
| Gratuity & Leave encashment | 102.39 | 91.22 | 14.90 | 15.63 | 4.34 | 4.46 | 112.95 | 102.39 |

Subject to our report of even date

For Balan & Co.
Chartered Accountants
FRN: 000340S

Sd/-
A. Mohanan, B.Sc., FCA, DISA
M. No.20627
Partner

Cochin -16
30-05-2014

Sd/-
R. Ponnambalam
Company Secretary

Sd/-
Rajesh R, FCA
GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
A.S. Unny, Chairman (DIN 00363027)

Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing Director

Sd/-
A. Padmanabhan
Executive Director (DIN 00037472)

Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014
In terms of AS - 3 on Cash Flow Statement under Indirect Method

| | Rs in Lacs 2013-14 | Rs in Lacs 2012-13 |
|---|-----------------------|-----------------------|
| A Cash Flow from Operating activities | | |
| Net profit Before Taxation | 147.79 | 722.26 |
| Adjustment for: | | |
| MAT Credit | 0.00 | - |
| Provision for Depreciation | 490.04 | 502.84 |
| Interest on Borrowings | 685.57 | 721.01 |
| Interest Income | (54.30) | (49.84) |
| Dividend income | (1.69) | (0.03) |
| Loss on sale of Fixed Assets | (3.98) | 0.27 |
| | <u>1115.64</u> | <u>1,174.25</u> |
| | 1263.43 | 1,896.51 |
| Operating profit before working capital changes | | |
| (Increase)/Decrease in Sundry Debtors | (566.54) | (501.39) |
| (Increase)/Decrease in Loans & Advances | 4.52 | 194.07 |
| (Increase)/Decrease in Inventories | (359.63) | 888.19 |
| Increase/(Decrease) in Sundry Creditors & Other liabilities | 566.76 | (230.08) |
| | <u>(354.89)</u> | <u>350.79</u> |
| Cash from operations | 908.54 | 2,247.30 |
| Income tax paid | (57.48) | (281.00) |
| Net cash from operating activities | 851.06 | 1,966.30 |
| B. Cash flow from Investing Activities | | |
| Purchase of Fixed assets | (185.74) | (482.20) |
| Capital Work-in-Progress | (14.43) | 13.31 |
| Sale of Fixed assets | 5.91 | 0.98 |
| Interest Income | 54.30 | 49.84 |
| Minority interest | 0.98 | 0.65 |
| Dividend received | 1.69 | 0.03 |
| Proceeds from Sale of Investments | | |
| Net cash from Investing activities | (137.29) | (417.39) |
| C. Cash flow from Financing activities | | |
| Proceeds from Long term Borrowings | 213.41 | 305.21 |
| Proceeds from working capital borrowings | 212.35 | (49.70) |
| Proceeds from unsecured loan - buyers credit | 174.46 | - |
| Repayment of Long term Borrowings | (417.00) | (573.61) |
| Repayment of Short term Borrowings - buyers credit | 0.00 | (118.50) |
| Interest on borrowings | (685.57) | (721.01) |
| Dividend & Corporate Dividend Tax paid | (288.44) | (401.15) |
| Net Cash flow from Financing Activities | (790.79) | (1,558.76) |
| Net Increase/Decrease in Cash & Cash Equivalents | (77.02) | (9.85) |
| Cash & Cash Equivalents ason 31/3/13 | 487.94 | 497.79 |
| Cash & Cash Equivalents ason 31/3/14 | 410.92 | 487.94 |

Subject to our report of even date

For Balan & Co.
Chartered Accountants
FRN: 000340S

Sd/-
A. Mohanan, B.Sc., FCA, DISA
M. No.20627
Partner

Cochin -16
30-05-2014

Sd/-
R. Ponnambalam
Company Secretary

Sd/-
Rajesh R, FCA
GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
A.S. Unny, Chairman (DIN 00363027)

Sd/-
S. Rajkumar, (DIN 01790870)
Vice Chairman & Managing Director

Sd/-
A. Padmanabhan
Executive Director (DIN 00037472)

Sd/-
N. Purushothama Prabhu (DIN 00384830)
Whole-time Director - Operations



SREE SAKTHI PAPER MILLS LTD.

Regd. Office : Sree Kailas, 57/2993
Palam Road, Cochin - 682 016
www.sreekailas.com, E-mail: secretary@sreekailas.com

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

| | |
|--|---|
| NAME OF THE SHAREHOLDER (IN BLOCK LETTERS) | : |
| MEMBER'S FOLIO/ID No. | : |
| NAME OF THE PROXY (IN BLOCK LETTERS) | : |
| (To be filled in if the proxy attends instead of the member) | : |

No. of shares held

I hereby record my presence at the 23rd Annual General Meeting of the members of Sree Sakthi Paper Mills Limited held on 30th September 2014 at 2.00 p.m. at Hotel Abad Plaza, M.G. Road, Ernakulam, Cochin - 35.

Member's / Proxy Signature

Note: A member / proxy attending the meeting must complete this Attendance Slip and hand it over at the entrance



SREE SAKTHI PAPER MILLS LTD.

Regd. Office : Sree Kailas, 57/2993
Palam Road, Cochin - 682 016
www.sreekailas.com e-mail: secretary@sreekailas.com

PROXY FORM

I / We
of being a Member/Members of Sree Sakthi Paper Mills Ltd.
hereby appoint
of or failing of
or failing of as my / our proxy to attend
and vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on
30th September 2014 at 2.00 p.m. at Hotel Abad Plaza, M.G. Road, Ernakulam and at any adjournment thereof.

Signed this day of 2014

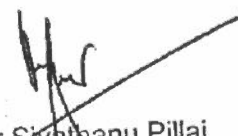


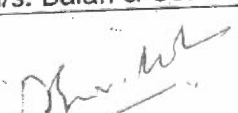
Signature

Affix
fifteen paise
Revenue
Stamp

Note: The proxy form must be returned so as to reach the Registered Office of the Company, Sree Kailas, 57/2993, Palam Road, Cochin - 16 not less than forty eight hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

| Sl. No. | Particulars | Details |
|---------|--|--|
| 1. | Name of the Company | SREE SAKTHI PAPER MILLS LIMITED |
| 2. | Annual Financial Statements for the year ended | 31 st March, 2014 |
| 3. | Type of Audit observation | Un-qualified |
| 4. | Frequency of observation | Not applicable |
| 5. | To be signed by- | |
| | <ul style="list-style-type: none"> CEO/Managing Director |  Rajkumar Sivatharanu Pillai Vice Chairman & Managing Director |
| | <ul style="list-style-type: none"> CFO |  Rajesh R. General Manager – Finance & Accounts |
| | <ul style="list-style-type: none"> Auditor of the Company |  A. Mohanan Chartered Accountant M/s. Balan & Co. |
| | <ul style="list-style-type: none"> Audit Committee Chairman |  A. S. Unny Audit Committee Chairman |

Place : Cochin-16
 Date : 30.05.2014