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BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr.Binu Alex.V

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

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

FACTORIES

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

DUPLEX BOARD UNIT

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

**FINANCIAL HIGHLIGHTS (7 YEARS)**

(Rs. in Lakhs)

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



NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Sree Sakthi Paper Mills Limited will be held on Friday, 2nd September 2011, at 3.P.M at Hotel Abad Plaza, M.G.Road, Ernakulam, Cochin- 35 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011, and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. S. Sivathanu Pillai, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.A.S. Unni, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. N. Ravindranathan, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and in this connection, to consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

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

SPECIAL BUSINESS

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

"Resolved that Mr. T.S. Anantharaman, an additional director of the Company who holds office upto the date of this meeting in terms of Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company, be and is hereby appointed as Director of the Company."

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

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

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

By Order of the Board
For Sree Sakthi Paper Mills Limited

Sd/-
Binu Alex.V
(Company Secretary)

Place : Cochin -16
Date : 01.08.2011



NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 concerning special business is annexed hereto
4. Register of Members and Share Transfer Books of the Company will remain closed from Friday, 26th August 2011 to Friday, 2nd September 2011 (both days inclusive).
5. The dividend when approved will be payable to those members of the Company whose names appear on the Register of Members of the Company on 2nd September 2011. In respect of the shares held in dematerialized form, the dividend will be paid on the basis of the beneficial ownership as per details to be furnished for this purpose by the Depositories.
6. For payment of dividend through ECS, (a) Members holding shares in physical form are advised to submit particulars of their bank account viz, Name and address of the branch of the Bank, 9 digit MICR Code of the Branch, type of account and account number latest by 25th August 2011 to the Company's Registrar and Share Transfer Agents and (b) Members holding shares in demat are advised to inform their particulars to their respective Depository Participants.
7. Members are hereby informed that Dividend which remains unclaimed/ un encashed over a period of seven years, has to be transferred as per the provisions of Section 205A of the Companies Act, 1956 by the Company to "The Investor Education and Protection Fund" constituted by the Central Government under Section 205C of the Companies Act, 1956. It may please be noted that once unclaimed/un-encashed dividend is transferred to "The Investor Education and Protection Fund" as above, no claims shall lie in respect of such amount by the shareholder.
8. All the Members are requested to forward the share transfers deed(s) and other communications directly to Registrar and Share Transfer Agents of the Company in the following address;
M/s. Bigshare Services Private Limited, E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai -400 072 , Tel .022-40430200, Fax.022-28475207".
9. Members holding shares in physical form are requested to notify, promptly, any change in their address, to the Registrar and Share Transfer Agents of the Company, M/s Bigshare Services Private Limited, Mumbai, quoting their Membership Number, besides changes, if any, in the Dividend Mandates given by them and those holding shares in Electronic Form, may communicate the above information to their respective Depository Participants.
10. Members may avail nomination facility as provided under section 109A of the Companies Act, 1956.
11. Members attending the meeting are requested to bring the attendance slip as well as their copy of the Annual Report. Members holding shares in DEMAT form are requested to incorporate the DP ID Number and Client ID Number in the Attendance Slip / Proxy Form, for easy identification of attendance at the meeting
12. Members desirous of obtaining any information concerning accounts of the Company are requested to address their questions to the Company, so as to reach at least 7 days before the date of the meeting, to enable the information required to be made available at the meeting.
13. The Company is having agreements with NSDL & CDSL and Bigshare Services Private Limited (for connectivity with NSDL & CDSL) to enable the shareholders to have the option of holding and dealing in the shares of the Company in electronic form.
The ISIN of the equity shares of the Company is INE266H01014.
Members who are holding shares in physical segment are requested to dematerialize the same considering the advantages in eliminating several problems involved in the scrip based systems viz., bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, long settlement cycles, mutilation of share certificates etc.
14. Ministry of Corporate Affairs, New Delhi has taken "Green Initiative in Corporate Governance" by permitting paperless compliances vide its Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011. Hence service of documents can be made through electronic mode instead of physical copy of the documents. Shareholders are requested to update the Email address with concerned DP in order to avail the benefits of getting the documents through electronic mode.
15. As per requirement of Clause 49 of the Listing Agreement on Corporate Governance for appointment of the Directors/ re-appointment of the retiring Directors, a statement containing details of the concerned Directors are given below;



(in pursuance of Clause 49 of the Listing Agreement)

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

Details of other Directorship and relationship between directors inter-se

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



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

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

Item No.7

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

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

Present assignments:

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

Previous assignments:

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

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



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

Item No.8

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

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

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

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

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

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

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

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

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

I. General information.

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

4. FINANCIAL PERFORMANCE

(Rs./Lakhs)

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



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

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

5. Export performance and net foreign exchange collaboration

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

The Company does not have any Foreign Exchange Collaboration

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

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

I. Background details

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

He is also a director in the following companies

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

2. Past remuneration:

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

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

I. Recognition or awards :

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

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

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

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

III. Other information:

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

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

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

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

Your directors recommend this resolution for approval

By Order of the Board
For Sree Sakthi Paper Mills Limited

Sd/-
Binu Alex.V
(Company Secretary)

Date : 01.08.2011
Place : Cochin -16

**DIRECTORS' REPORT**

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

REVIEW OF OPERATIONS 2010-2011

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

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

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

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

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

FINANCIAL PERFORMANCE

(Rs./Lakhs)

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

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

FINANCIAL HIGHLIGHTS

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

FINANCE

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

SHAREHOLDER RETURN

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

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

DEVELOPMENTAL PLANS

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



Twin Wire Technology at Kraft paper Unit 1

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

Triple Wire Technology at Kraft paper Unit 2

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

Fiber treatment at Kraft Paper Unit -2

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

Captive power – Co-generation Plant

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

Press and Steam and Condensate Systems at Kraft Paper Unit 1

As part of modernization program, the installation of Press and Steam & Condensate System in Kraft Paper Unit 1 are also scheduled in FY 2011-12 and expected to complete the same by 3rd Quarter of FY 2011-12. The improvement of production volume by 10% is expected on account of this.

Carbon credit through Methane Recovery Project

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

Small Hydro Projects

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

EXPORT PERFORMANCE

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

SUBSIDIARY COMPANIES

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

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

INDUSTRIAL RELATIONS

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

INTERNAL CONTROL SYSTEM

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

BOARD OF DIRECTORS

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



Mr.T.S.Anantharaman was appointed as an additional director at the meeting of the Board of Directors of the company held on 30.05.2011. In accordance with the provisions of the Companies Act, 1956 he would hold office of the director up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr.T.S.Anantharaman for the office of the director liable to retire by rotation along with a deposit of Rs.500/- as required under the Companies Act, 1956 and accordingly proposal has been placed for your approval.

AUDIT COMMITTEE

The Audit Committee of the Board consists of four members and all of them are Non Executive Directors, viz., Mr.A.S.Unni, Mr.N.Ravidranathan, Mr.Deveshwer Kumar Kapila, and Mr.S.Sivathanupillai. Mr.A.S.Unni is the Chairman of the Audit Committee.

AUDITORS

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

FOREIGN EXCHANGE EARNINGS AND OUT-GO

During the year under review, Foreign Exchange earned by the Company by way of exports proceeds is Rs. 413.02 Lakhs. The foreign Exchange outgo for the company for import purchases - Rs. 4634.73 lakhs, Export Commission - Rs.7.04 lakhs and Export Claim - Rs.5.55 lakhs.

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 21 B (Point No. 1) 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, 2011 at the Meeting held on May 30, 2011.

Initial application for Listing of shares with National Stock Exchange (NSE) has been submitted and approval from NSE is awaited. Further particulars called for to determine the eligibility criteria have been submitted.

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 2011 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 2011 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/-

S. Sivathanu Pillai
CHAIRMAN

Place : Cochin -16
Date : 01.08.2011



ANNEXURE TO THE DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

CONSERVATION OF ENERGY:

(a) Energy conservation measures taken :

At Duplex Board Unit

- Maximum demand tripping was introduced in the plant to reduce the KVA part on the electricity bill. About 100 KVA was reduced in our system.
- VFD was installed for Mould No 4 fan pump motor to achieve energy conservation and better GSM control
- Centralized operating control desk for the board machine connected equipments to avoid idle running of machine during start up of the machine.
- In the 6 ton boiler vinegar waste was utilized as fuel to minimize the fuel cost.
- Machine draw was increased from 3.0 ton to 3.2 ton which reduces the specific power consumption of electrical energy
- Steam and condensate system is reviewed corrections will be made to reduce steam consumptions in the paper machine.
- Agreement reached with KSEB for alternate 11 KV supply. This will reduce the machine down time due to problems in the existing line.

At Kraft Paper Unit - 1

- Contract demand has been enhanced from 1500 KVA to 1700KVA resulting in a savings of Rs 27,000 per month.
- Old starters were replaced by new starters housed in new panels. This has reduced number of terminations, thereby reducing energy loss.
- Capacitors which are intended will be fixed in new panels for increasing the power factor from 0.93 to 0.97.
- Old circuit breakers which were providing heat losses were replaced with new version ACB s.
- 3 nos. dryers added in pre dryer section for efficient utilization of steam thereby increases drying area and hence production by 0.4 TPH i.e. Rs 20 lakhs / month saving.
- Multi level box installed for both wire part Head box to reduce power cost 25 unit per hour x Rs 3.5 = Rs 87.5 per hour i.e, Rs 57,750/- per month.

At Kraft Paper Unit -2

- Energy meters are provided for higher capacity motors and all PMCC panels. Correct reading of consumption is logged and it is being conveyed to the process people for reducing power consumption.
- A Variable Frequency Drive was used for Bottom layer Fan Pump temporarily. A savings of 15kw/hr was obtained.
- For getting natural lighting, transparent sheets have been put in the machine area and thus lighting consumption is reduced.
- Contract demand has been enhanced from 2500KVA to 2800KVA in April 2011 resulting in a savings of Rs 40,500 per month.
- Higher rated motors direct terminations re-terminated using termination boxes and flexible copper cables which has reduced the heat loss.
- 5 nos. dryers added in dryer section for efficient utilization of steam thereby increases drying area and hence production by 0.5 TPH.



- Steam box installed & trial running going on to utilize heat of flash steam went out from condensate tank and to increase drainage in press section. Hence proposed to increase expected on account of same is 0.5 TPD.
 - 8 Tri Disc Refiner (450 hp) installed is being run with a Variable Frequency Drive which saves energy in refining.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy;**
- Installation of 2 MW Back pressure Turbine with Boiler at Kraft Paper Units is progressing. This will helpful to the company to meet its entire steam requirement and also cater to about 30-40% of power requirement.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;**
- Yet to be ascertained

FORM - A (See Rule 2)

	Current year 31.03.11	Previous Year 31.03.10		Current year 31.03.11	Previous Year 31.03.10
A. Power and Fuel consumption					
I. Electricity			ii) Through steam turbine/generator	-	-
a. Purchased			2 Coal	-	-
Unit	35589490	32905350	3 Furnace Oil	-	-
Total Amount	137648778	126090524	4 Others/Internal generation	-	-
Rate/Unit	3.87	3.83	B. Consumption per unit of production		
b. Own Generation			Electricity (kwh)	460	458
i) Through Diesel Generator			Furnace Oil	-	-
Unit	18580	19687	Coal	-	-
Unit per Ltr.of diesel oil	2.41	2.50	Others	-	-
Cost/Unit	17.82	14.42			

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) carried out by the Company : several special application have been developed and successfully introduced during the year to cater customer specific requirements
- Benefit derived as a result of the above R&D : Better runnabilty 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

- Particulars of imported technology : Top Wire part installed in Kraft Paper Unit -1 for better quality and formation; Middle Wire part installed in Unit-2 for better quality and formation. Both Wire Part Installation reduced Raw Material Cost and Dye cost by Rs.1000/-per ton of paperThe 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 : Krima Disperser Equipment imported from Cell wood Machineries, Sweden for better quality, Cleanness and Reduction in Raw Material Cost .



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

SOCIO-ECONOMIC ENVIRONMENT

GLOBAL VIEW

World output staged a smart recovery in 2010 growing by 5% after a decline of 0.6% in 2009. While the first half clocked 5.25% growth, there was a marked deceleration in the second half which witnessed a growth of 3.75%. While the growth in the advanced economies remained modest at around 3% in 2010 after a decline of 3.4% in 2009, emerging and developing economies recorded robust growth in excess of 7% during the year – led primarily by China and India.

According to the International Monetary Fund (IMF), World Real GDP (Gross Domestic Product) would grow at 4.4% in 2011 representing a modest slow down from 2010 levels. Real GDP in the advanced economies is expected to grow by 2.5% while that in the emerging and developing economies is forecast to grow at 6.5%. However, downside risks to these estimates continue to outweigh the upsides.

In the case of advanced economies, the key concerns revolve around weak sovereign balance sheets, the possibility of financial troubles in peripheral Euro area spreading to core Europe, high levels of unemployment, the continued weakness of the US real estate market and the lack of progress in formulating medium-term fiscal consolidation plans.

In the emerging economies key risks relate to overheating, asset price bubbles, rapid rise in inflationary pressures, spurt in commodity prices and the potential for boom-bust cycles could eventually result in a hard handling in these economies. With emerging markets accounting for 40% of global consumption and two-thirds of global growth, a slowdown in these economies could dent global recovery significantly.

DOMESTIC SCENARIO

The Indian economy registered a healthy growth of 8.6% in 2010-11 vis-à-vis 8% in 2009-10. Whereas the Agricultural sector posted an above-trend growth of 5.4% aided in part by a low base effect, Industry and Services grew by 8.1% and 9.6% respectively. After clocking an impressive growth of 8.9% in the first half of the fiscal, the economy showed signs of moderation in the latter half especially in capital goods production and investment spending.

A good performance on the external front with exports growing 37.5% even as imports grew by 21.6% during the year helped reduce the Current Account Deficit to approximately 2.5% of GDP from 2.8% in the previous fiscal. The Centre's Fiscal Deficit for the year

stood at 5.1% of GDP – significant improvement from 6.4% recorded in 2009-10.

However, among these positives, the persistently high level of inflation in the economy despite good monsoons was a key cause for concern. The inflationary pressures which emanated from food items clearly spilled over and became generalized, as the year progressed. The recent slowdown in industrial growth, as reflected by the Index of Industrial Production (IIP) is also a cause for concern.

As the policy challenge shifts to taming inflation, the economy will have to contend with high interest rates which in turn could impact growth. Risks to global recovery, high commodity prices, especially of oil, elevated levels of inflation including in food prices, huge subsidy burden arising out of bloated oil import bill and commitments towards the proposed implementation of the National Food Security Bill pose significant downside risk to economic growth in the near term.

In the medium to long term, India's economic growth engine is expected to be powered by multiple drivers such as the increasing momentum in the savings and investment rates, a vibrant service sector, a large domestic demand base and the emergence of internationally competitive firms. India's rapid economic growth in recent years and the prospects of building further on this momentum in the medium to long term has led it to command a new respect in the world order.

India's demographic trends indicate that the nation will add over 20 crore people to the working-age population over the next twenty years, more than any other country in the world. Several studies indicate a near tripling of household disposable incomes and a burgeoning middle-class which will comprise over 40% of the country's population and grow ten-fold to touch 58.3 crore people by 2025. These trends augur well for the nation and could provide enormous opportunities for private enterprises.

INDUSTRY OUTLOOK

The global demand for paper & paperboard recovered strongly to register a growth of 7% over the previous year. The growth was largely driven by resurgence in demand in Western Europe, North America and growth in Asian and Latin American economies.

The domestic paperboard industry also grew at about 8% aided by the strong showing of the Indian Economy. Though India has about 17% of the world's population, it consumes only about 2% of global paper production.



Per capita consumption is very low at only 9 kgs compared to a global level of 55 kgs.

Going forward, the continued growth of the Indian economy coupled with favourable demographics, demand expansion in rural markets, rising demand for branded and packaged products supported by growth in organized retail and differentiated packaging are expected to boost the prospects of paperboard industry. Also, banning of plastic packaging materials by many states has opened new vistas for the kraft paper/paper board manufacturers.

Moreover, the growing potential of the paperboard industry is attracting the global players who are keenly looking at Asia as their next growth engine. While most majors have taken up large manufacturing positions in China, some of them are also exploring opportunities in other Asian countries, including India.

STRENGTHS & OPPORTUNITIES/ THREATS / RISK / CONCERN

Your Company has a strong brand name powered by quality of its product and sound manufacturing base with nearness to the market. The competitive strengths and the opportunities available to the Company are:

Strategic location

- The company is very near to Cochin Port and Vallarpadam International Container Terminal (ICT) is also adding the locational advantage to the Company.
- As there are few mills in Kerala, Company is able to buy indigenous raw material at a fairly good price.
- Nearness of River – thereby ensuring more than adequate water supply for smooth running of the plants

Process Advantages

- The company is using 100% recycled fibre in the manufacturing process instead of using virgin pulp.
- There is no power cuts in the State and have a continuous supply at good price throughout the year.
- Dedicated underline power lines from substations at Edayar and Chalakudy and thereby we are ensured of uninterrupted power
- Agro waste used as fuel for steam generation

Raw material Sourcing Strategy

- Sourcing raw materials from domestic and foreign markets.
- Import of waste paper around 40% to 60%
- The company is having arrangements with major suppliers of raw materials for un-interrupted supply of raw materials
- The company is having direct connectivity with international suppliers for procuring the waste paper from world-wide especially from US, Middle East and European countries.

Convergence with International Standards

- Looking into the changes in the industry and future scenario, the company is going ahead with investments to meet new packaging standards.
- Caters to all major Corporates in South India and also established a branch network up to central part of the country.
- The quality parameters of the corrugated boxes are also undergoing rapid changes in line with global packaging standards. The vital parameters focused by the company as per the recent packaging trends
 - Ring Crush Test - indicator of cross directional stiffness.
 - Runnability - with a running speed of 75m/m and span of 50 to 100 mtrs.
 - Ply reduction - this requires paper with high grammage (250 to 400) and high strength.
 - Micro /Narrow flute – This requires paper of good strength and low gsm.
 - White Kraft liner -Growing demand in food / fruit / beverages / computer hardware market.

Excellent Marketing Facility

- The Company is located in the vicinity of major paper Consumption markets;
 - Chennai - Automobile Hub.
 - Pondicherry- FMCG Cluster.
 - Tamil Nadu - Distillery & Garments.
 - Cochin- Sea food, fisheries & Cashew exports.
- The Company is catering to major customers in the region and working smooth with a wide range of products in different categories of the market.
- The Company has got well framed standard sales policies comprising of dealership networks and institutional customers & bulk direct customers.
- Company is also having exports, direct customers, Corporate and institutional customers wide spread and across the country.
- Upgraded as Mills with Multipurpose products, Niche Products and higher RCT and GSM papers
- Balanced market and hence not much effected by global recessions

Technologically Upgraded

- Machineries are upgraded with modern technology. The plants are equipped to meet the requirements of all type of customers in the value chain.
- Plants are equipped with the latest Twin and Triple Wire technology.
- Installation of Krima Disperser Fibre Treatment Equipment imported from Europe is progressing.
- Commissioning Co-gen Plant of 2MW as part of our Energy Conservation measures.

**Adequate Utilities****Power**

- Uninterrupted Power supply from Kerala State Electricity Board (KSEB)
- 2 MW Cogen Power under installation as part of our Energy Conservation Measures

Water

- Unlimited availability as plants are situated on the banks of rivers with abundant supply of water throughout the year.

Steam

- Three boilers with capacity of 10, 4 and 3 tph with agro based fuels – at Kraft paper units
- Two boiler with capacity of 8 & 6 tph with agro based fuels- at Duplex Board Unit

- Cogen Boiler with capacity of 22 tph is under erection

The major external factors that can have significant bearing on your company's performance are;

- Fluctuation in selling price
- Raw material shortage and increases in raw material rates
- Enhanced paper/paper board supply in the market
- Power supply restrictions
- Escalation in power tariff

However, the marketing strength coupled with timely modernization programs will enable the company for smooth operation even in the said adverse eventualities.

ANNEXURE-III**REPORT ON CORPORATE GOVERNANCE****1. Corporate Governance Philosophy**

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

2. Board of Directors

The Board of Directors of the Company is comprised of

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



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

During the year 2010-2011, seven board Meetings were held on 29th April 2010, 29th May 2010, 31st July, 2010, 9th September 2010, 30th October 2010, 22nd November 2010 and 31st January 2011. The Annual General Meeting was held on 9th September 2010.

Attendance of each director, at the Board Meetings held during the year 2010-2011 and at the last Annual General Meeting is as follows:

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

* Appointed as an additional director w.e.f.30.05.2011

** Resigned from the Board w.e.f. 02.02.2011

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 and fix their remuneration.

The Audit Committee consists of the following members:

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

During the year 2010-11, Four Audit Committee Meetings were held on 22nd May 2010, 31st July, 2010, 30th October 2010 and 31st January 2011.

5. Remuneration Committee

There was no Remuneration Committee meeting during the financial year under review.

The Remuneration Committee has been reconstituted on 30.05.2011 with the following independent Non -Executive directors as Committee members viz, Mr.A.S.Unni (Chairman), Mr.N.Ravidranathan, Mr.U.G.Bhat, Mr.D.K.Kapila and Dr.A.R.K.Rao. The Committee approved the remuneration payable to Mr.S.Rajkumar who has been re-appointed as Managing Director of the Company for a period of 3 years from 11.07.2011. Three members were presented at the meeting. The remuneration structure approved is as given in the item no.8 of Explanatory statement attached to the Notice calling the Annual General Meeting.

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

Remuneration to Vice-Chairman and Managing Director/Whole-time Director 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 2010-11 is as under:

Name	Designation	(Rs/ Lakhs)
Mr.S.Rajkumar	Vice Chairman & Managing Director	35.40
Mr.A.Padmanbhan	Whole Time Director –Operations	22.80
	Total	58.20

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 31.03.2011 to the Directors are as follows;

Sl. No.	Name of the Director	Rs.
1	Mr.S.Giridhar	28000.00
2	Mr.S.Subramaniam	28000.00
3	Mr.S. Sivathanupillai	48000.00
4	Mr.A.S.Unni	44000.00
5	Mrs E.Kamalam	28000.00
6	Mr. N.Ravindranathan	40000.00
7	Mr.U.Gururaja bhatt	24000.00
8	Mr.Deveshwer Kumar Kapila	36000.00
9	Dr..A.R.K Rao	16000.00
10	Mr.N.Sreekumar	20000.00
	Total	312000.00

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

6. Share Issue Committee / IPO Committee

A Share Issue Committee/IPO Committee was constituted during 2005-06 consisting of Mr.S.Sivathanupillai ,Mr.A.S.Unni, Mr.S.Rajkumar and Mr.S.Giridhar. 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, Mr.S.Rajkumar, Mr.S.Subramonaim. No meeting of the committee was held during the year under review.

A Project Sub Committee consists the following directors as committee members viz, Mr. S.Sivathanu Pillai , Mr.Ravidranathan , Mr. S. Rajklumar and Mr. U. Gururaja Bhat met on 24th June 2010.

8. Status of Investor Grievances

Name and designation of compliance officer (Company Secretary)	Mr. Binu Alex V
Number of shareholders complaints received during 2010-11	The shares of the Company listed with BSE. During the year under review, there were 3 Complaints from Investors. Prompt actions were taken to redress the complaints.
Number of complaints resolved to the satisfaction of shareholders	3
Number of pending complaints as on March 31, 2011	Nil



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 – Schedule 21 (Point No.28) 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 2011

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
2008	Hotel Abad Plaza M.G.Road, Ernakulam Cochin- 35	Wednesday 24.09.2008	03.00 P.M.	1. Re-appointment of Mr. S. Rajkumar as Managing Director of the Company and fixation of remuneration. 2. Increasing Authorised share Capital of the Company and amendment of Memorandum of Association of the Company 3. Amendment of Articles of Association of the Company.
2009	Hotel Abad Plaza M.G.Road, Ernakulam Cochin- 35	Wednesday 26.08.2009	3.00 P.M.	Appointment of Mr. A. Padmanabhan as Whole-time Director (Operations) of the Company and fixation of remuneration
2010	Hotel Abad Plaza M.G.Road, Ernakulam Cochin- 35	Thursday 09.09.2010	3.00 P.M.	Nil

There was no resolution passed by the Company's members through postal ballot during last three years and during the period till this report date.

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.

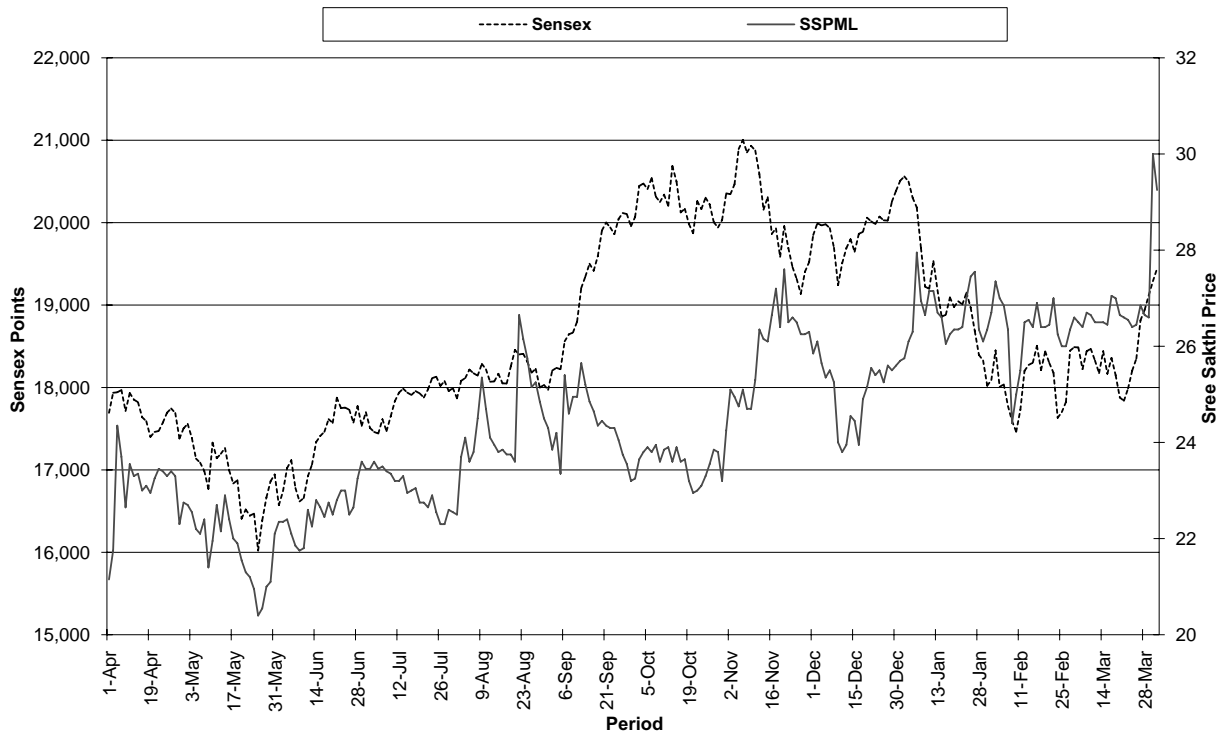
AGM : Date, time and venue	:	Friday, 2 nd September, 2011 at 3.00 p.m. at Hotel Abad Plaza, M.G.Road, Ernakulam, Cochin-35																
Financial Year	:	April 1 to March 31																
Financial Calendar (tentative and subject to change)	:	<table border="0"> <tr> <td>May 2011</td> <td>Audited results for 2010-11</td> </tr> <tr> <td>August 2011</td> <td>First Quarter Results for 2011-12</td> </tr> <tr> <td>September 2011</td> <td>Annual General Meeting for 2010-11</td> </tr> <tr> <td>October 2011</td> <td>Second Quarter Results for 2011-12</td> </tr> <tr> <td>January 2012</td> <td>Third Quarter Results for 2011-12</td> </tr> <tr> <td>March 2012</td> <td>Review of performance 2011-12</td> </tr> <tr> <td>May 2012</td> <td>Audited results for 2011-12</td> </tr> <tr> <td>September 2012</td> <td>Annual General Meeting for 2011-12</td> </tr> </table>	May 2011	Audited results for 2010-11	August 2011	First Quarter Results for 2011-12	September 2011	Annual General Meeting for 2010-11	October 2011	Second Quarter Results for 2011-12	January 2012	Third Quarter Results for 2011-12	March 2012	Review of performance 2011-12	May 2012	Audited results for 2011-12	September 2012	Annual General Meeting for 2011-12
May 2011	Audited results for 2010-11																	
August 2011	First Quarter Results for 2011-12																	
September 2011	Annual General Meeting for 2010-11																	
October 2011	Second Quarter Results for 2011-12																	
January 2012	Third Quarter Results for 2011-12																	
March 2012	Review of performance 2011-12																	
May 2012	Audited results for 2011-12																	
September 2012	Annual General Meeting for 2011-12																	
Date of Book closure	:	Friday, 26 th August 2011 to Friday 2 nd September 2011 (both days inclusive).																
Dividend Payment Date	:	On or after 2 nd September 2011 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	:	Listing Fee has been paid to the Stock Exchange, in which the Company's Equity Shares are listed, upto March 31, 2012																
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 10	25.30	20.25	786626	18,047.86	17,276.80
	May 10	24.35	20.00	260849	17,536.86	15,960.15
	Jun 10	23.75	21.50	597456	17,919.62	16,318.39
	Jul 10	24.25	22.00	302649	18,237.56	17,395.58
	Aug 10	27.45	22.80	1496091	18,475.27	17,819.99
	Sep 10	28.00	23.00	1041890	20,267.98	18,027.12
	Oct 10	24.90	22.90	550065	20,854.55	19,768.96
	Nov 10	28.50	24.00	1212383	21,108.64	18,954.82
	Dec 10	26.85	19.25	346517	20,552.03	19,074.57
	Jan 11	28.85	25.00	543399	20,664.80	18,038.48
	Feb 11	32.20	24.00	309265	18,690.97	17,295.62
	Mar 11	30.90	25.15	523846	19,575.16	17,792.17

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).

Sensex vs Sree Sakthi Paper





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 .022-40430200, Fax.022-28475207".Both physical and demat transfers are done through the Registrar and Transfer Agents.				
Distribution of Shareholding as on 31 st March 2011	:	Distribution	No.of share holders	% of share holders	No.of share	% of share holding
		1 – 500	8977	82.27	1860844	11.32
		501-1000	1139	10.44	878594	5.35
		1001-2000	364	3.34	571812	3.48
		2001-3000	109	0.99	286088	1.74
		3001-4000	77	0.71	283069	1.72
		4001-5000	54	0.50	256063	1.56
		5001-10000	86	0.78	627185	3.82
		10001 and above	106	0.97	11672562	71.01
	Total	10912	100.00	16436217	100.00	
Shareholding pattern as on 31.03.2011 :		Category	No.of Share Holders	No.of Shares held	% of share holding	
		A. Promoters Holdings				
		Promoter and promoter group	27	8555021	52.05	
		B. Non Promoters Holding				
		<i>Institutional Investors</i>				
		a. Mutual Funds and UTI	0	0	0.00	
		b. Banks/ Financial Institutions	2	64989	0.40	
		c. Foreign Institutional Investors	0	0	0.00	
		<i>Non –Institutional Investors</i>				
		a. Corporate Bodies	148	483869	2.94	
		b. Indian Public				
		Individuals (Capital up to Rs. 1 Lakh)	10564	4476139	27.23	
		Individuals(Capital > Rs. 1 Lakh)	62	2346709	14.28	
		c. NRI	42	238115	1.45	
		d. Any other	67	271375	1.65	
		Grand Total	10912	16436217	100.00	



Name and number of shares held and percentage shareholding of entities / persons holding more than 1% shares of the Company as on 31.03.2011	Name	No.of Shares held	% of share holding	Category
	1. Mr. 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.S.Subramoniam	333944	2.03	"
	5. Mrs.Rajee Rajkumar	321721	1.96	"
	6. Mr.S.Sivathanupillai	232840	1.41	"
	7. Rajaram .T.S	206355	1.26	Individual
	8. Paramjit Kumar	165586	1.00	"
	Grand Total	8348691	50.78	
Dematerialization of shares and liquidity	Shares of the company as on 31.03.2011 in demat mode with NSDL is 6705943 and with CDSL is 3228726.			
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	:	Nil		
Plant Locations	:	Kraft Paper Unit 1 & 2 : Industrial Development Area, Muppathadom , Edayar, Aluva - 683 102, Kerala. Tel : 0484 - 2540622, 2555451 Fax : 0484 - 2555835 Duplex Board Unit : Kanjirapilly, Pariyaram Chalakudy , Thrissur – 680 721, Kerala. Tel : 0480 – 2746129, 2747529 Fax : 0480 - 2746410		
Address for correspondence	:	Regd. Office : 57/2993, "Sree Kailas" Paliam Road, Ernakulam, Cochin - 682016, Kerala. Tel : 0484 - 2373230, 4092999, 2371085 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 2011. The Code of Conduct laid down for all Board members and Senior Management of the Company is posted on the website of the Company.

S.Rajkumar

Cochin -16
01.08.2011

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 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 31, 2011 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 the 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 explanations 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 complaint is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Balan & Co.**
Chartered Accountants

Sd/-

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

Place : Cochin -II
Date : 01.08.2011



BALAN & CO.

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

Phone: 0484-2360663
2360773
Fax: 2360773
A. Mohanan : 3950630
E-mail: balanandco@vsnl.net

AUDITOR'S REPORT

To the Members

M/s. Sree Sakthi Paper Mills Limited, Kochi - 16

1. We have audited the attached Balance Sheet of M/s. Sree Sakthi Paper Mills Limited, Kochi-16, as at 31st March, 2011 and also Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph # 4 and 5 of the said order.
4. Further to our comments in the Annexure referred above, we report that:
 - a. 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.
 - b. In our opinion proper books of account as required by law have been kept by the company in so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors and placed before the Board, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 1. In the case of the Balance Sheet, of the 'state of affairs' of the company as at 31st March '11
 2. In the case of the Profit and Loss account, of the profit of the company for the year on that date, and;
 3. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For BALAN & CO.
CHARTERED ACCOUNTANTS
Sd/-
A. MOHANAN F.C.A.,DISA
PARTNER (M.No.20627)
FRN: 000340S

Kochi - 11
30.05.2011



Ref: M/s. Sree Sakthi Paper Mills Limited, Kochi -16 (2010-11)

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 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, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs duty and Excise Duty, Cess and any other statutory dues with appropriate authorities during the year.
- No undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears as at 31.3.2011 for a period of more than six months from the date they became payable.
- (b) Except for a sum of Rs. 87.25 lakhs being disputed Income Tax /Penalty relating to pending in appeal before the Income Tax Appellate Tribunal and a sum of Rs.15.48 lakhs being disputed Sales Tax and a sum of Rs 4.05 lakhs being disputed Electricity charges pending with KSEB, no other dues of Sales Tax/Income Tax/Custom Tax/Services Tax/Excises Duty/Cess remains not deposited on account of any disputes.



- (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. Therefore, provisions of clause 4(xiv) of the Companies Auditors Report Order 2003 are not applicable to 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 & Co.
Chartered Accountants
Sd/-

Kochi – II
30.05.2011

A.Mohanam.,B.Sc.,FCA,DISA
Partner (M.No 20627)
FRN: 000340S

**BALANCE SHEET AS AT 31ST MARCH 2011**

	Schedule No.	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
SOURCES OF FUNDS			
(1) Share Holders' Funds:			
(a) Capital	1	1,643.62	1643.62
(b) Reserves & Surplus	2	2,309.62	2010.77
		<u>3,953.24</u>	<u>3654.39</u>
(2) Loan Funds:			
(a) Secured Loans	3	3,176.18	2531.54
(b) Unsecured Loans	4	0.00	429.78
		<u>3,176.18</u>	<u>2961.32</u>
(3) Deferred Tax Liability	5	800.49	734.72
TOTAL		<u>7,929.91</u>	<u>7350.43</u>
APPLICATION OF FUNDS			
(1) Fixed Assets:	6		
(a) Gross Block		7,748.46	6918.93
(b) Less: Depreciation		2,460.79	2092.27
(c) Net Block		<u>5,287.67</u>	<u>4826.66</u>
(d) Capital work-in-progress		84.37	0.00
(2) Investments	7	88.46	88.46
(3) Current Assets, Loans & Advances			
(a) Inventories	8	1,500.85	1077.17
(b) Cash & Bank balances	9	353.25	322.09
(c) Sundry Debtors	10	2,469.79	1882.37
(d) Loans & Advances	11	1,440.35	1008.36
		<u>5,764.24</u>	<u>4289.99</u>
Less: Current Liabilities and Provisions	12		
(a) Current Liabilities		2,683.50	1531.45
(b) Provisions		611.33	361.50
		<u>3,294.83</u>	<u>1892.95</u>
Net Current Assets		<u>2,469.41</u>	<u>2397.04</u>
Miscellaneous Expenditure: (To the extend not written off)			
Public Issue Expenses		0.00	38.27
TOTAL		<u>7929.91</u>	<u>7350.43</u>
Accounting policies & Notes on Accounts	21		

Subject to our report of even date

For Balan & Co.
Chartered Accountants
Sd/-
A. Mohanan, B.Sc., FCA, DISA
Partner (M. No. 20627)
FRN: 000340S

Cochin-16
30-05-2011

Sd/-
Binu Alex V., ACS
Company Secretary
Sd/-
Rajesh R., FCA
GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
S. Sivathanu Pillai, Chairman
Sd/-
A. S. Unni, Director
Sd/-
S. Rajkumar
Vice Chairman & Managing Director
Sd/-
A. Padmanabhan
Whole Time Director-Operations

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Schedule No.	Year ended 31. 03. 2011 Rs. / Lakhs	Year ended 31. 03. 2010 Rs. / Lakhs
INCOME			
Sales	13	19081.82	14,753.18
Less: Excise Duty		788.99	601.14
		<u>18292.83</u>	<u>14,152.04</u>
Miscellaneous Income	14	63.91	161.90
Increase / (Decrease) in Stock	15	10.12	(1.12)
TOTAL		18,366.86	14,312.82
EXPENDITURE			
Manufacturing Expenses	16	14749.37	11,236.41
Payments to & Provision for Employees	17	796.32	692.15
Administrative Expenses	18	331.89	303.40
Selling & Distribution Expenses	19	574.79	516.25
Interest & Finance Charges	20	485.57	515.14
TOTAL		16,937.94	13,263.35
Profit Before Depreciation and Tax		1,428.92	1,049.47
Depreciation		376.17	342.51
Profit Before Tax		1,052.75	706.96
Provision for Taxation - Current		285.65	152.65
- Deferred		65.77	89.66
		<u>701.33</u>	<u>464.65</u>
Income Tax Provisions w/off / (w/back)		0.00	0.22
Profit After Tax		701.33	464.43
Add: Balance brought forward from previous year		123.85	100.98
		<u>825.18</u>	<u>565.41</u>
APPROPRIATIONS			
Interim Dividend		131.49	147.93
Proposed Final Dividend		213.67	147.92
Corporate Dividend tax		57.33	45.71
Transfer to General Reserve		150.00	100.00
		<u>552.49</u>	<u>441.56</u>
Balance carried to Balance Sheet		272.69	123.85
Accounting Policies & Notes on Accounts	21		
Earnings Per Share (Basic and Diluted)		4.27	2.83
Weighted Average Number of Shares		16436217	16436217

Subject to our report of even date

For Balan & Co.
Chartered Accountants
Sd/-
A. Mohanan, B.Sc., FCA, DISA
Partner (M. No. 20627)
FRN: 000340S

Cochin-16
30-05-2011

Sd/-
Binu Alex V., ACS
Company Secretary
Sd/-
Rajesh R., FCA
GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
S. Sivathanu Pillai, Chairman
Sd/-
A. S. Unni, Director
Sd/-
S. Rajkumar
Vice Chairman & Managing Director
Sd/-
A. Padmanabhan
Whole Time Director-Operations



Schedules annexed to and forming part of the Balance Sheet as at 31st March 2011

	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
Schedule - 1		
SHARE CAPITAL		
AUTHORISED		
3,00,00,000 Equity shares of Rs 10 each	<u>3,000.00</u>	<u>3,000.00</u>
(Previous Year 3,00,00,000 Equity shares of Rs 10 each)		
1,64,36,217 Equity Shares of Rs.10/- each fully paid up	1643.62	1643.62
(Previous year 1,64,36,217 Equity Shares of Rs 10 each fully paid up)		
(Of the above 60,70,500 shares were allotted as fully paid up by way of bonus shares by capitalisation of profits transferred to General Reserve)		
TOTAL	<u>1643.62</u>	<u>1643.62</u>
Schedule - 2		
RESERVES & SURPLUS		
i) Capital Reserve		
Amount as per Last Balance Sheet	36.68	36.68
Add: Additions/ transfers during the Year	<u>0.00</u> 36.68	<u>0.00</u> 36.68
ii) Securities Premium Account		
Amount as per Last Balance Sheet	1667.24	1667.24
Add: Additions/ transfers during the Year	<u>0.00</u> 1667.24	<u>0.00</u> 1667.24
iii) General Reserve		
Amount as per Last Balance Sheet	183.00	83.00
Add: Additions/ transfers during the Year	<u>150.00</u> 333.00	<u>100.00</u> 183.00
iv) Profit & Loss Account		
Amount as per Last Balance Sheet	123.85	100.98
Add: Profit during the Year	298.85	122.87
Less: Transfer to General Reserve	<u>150.00</u> 272.70	<u>100.00</u> 123.85
TOTAL	<u>2,309.62</u>	<u>2,010.77</u>
Schedule - 3		
SECURED LOANS		
(i) Term Loans from:		
a. IDBI Bank Ltd.	317.33	507.14
b. Syndicate Bank Ltd.	210.90	278.01
c. Federal Bank Ltd.	171.73	241.70
d. State Bank of Travancore	783.64	0.00
(ii) Cash Credit Loans		
a. IDBI Bank Ltd.	486.55	477.15
b. Federal Bank Ltd.	968.68	965.81
c. Bank of India.	237.35	61.73
(Refer Note 20 of Schedule 21)		
TOTAL	<u>3176.18</u>	<u>2531.54</u>
Schedule - 4		
UNSECURED LOANS		
1.From Directors	0.00	0.00
2.From Banks		
Bank of India- Suppliers Credit	0.00	333.30
SBI - Canada - Buyers Credit	0.00	44.71
Bank of Baroda - Buyers Credit	0.00	51.77
3.From Others	0.00	0.00
TOTAL	<u>0.00</u>	<u>429.78</u>
Schedule - 5		
DEFERRED TAX LIABILITY		
Deferred Tax liability	833.84	763.79
Less: Deferred Tax Asset	<u>33.35</u>	<u>29.07</u>
TOTAL	<u>800.49</u>	<u>734.72</u>



Schedule - 6
FIXED ASSETS

Rs./Lakhs

Sl. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Balance as on 01.04.2010	Additions during the year	Sale during the year	Total as on 31.03.2011	Upto 01.04.2010	For the Year	Sale during the year	Total as on 31.03.2011	As on 31.03.2011
1	Land	52.80	1.09	-	53.89	0.00	0.00	-	53.89	52.80
2	Buildings	806.69	43.84	-	850.53	173.98	24.43	-	652.13	632.71
3	Furniture & Fixtures	29.14	14.48	-	43.62	16.31	1.65	-	25.66	12.83
4	Plant & Machinery	5972.26	778.06	15.06	6735.26	1879.01	344.46	7.64	4519.43	4093.25
5	Office Equipments	40.47	3.37	-	43.84	16.39	1.93	-	25.52	24.08
	TOTAL	6901.36	840.84	15.06	7727.14	2085.69	372.47	7.64	5276.63	4815.67
6	Intangible Asset- Computer Software	17.57	3.75	-	21.32	6.58	3.70	-	11.04	10.99
	TOTAL	6918.93	844.59	15.06	7748.46	2092.27	376.17	7.64	5287.67	4826.66
	Figures for the Previous year	6543.26	406.26	30.60	6918.93	1770.32	342.51	20.55	4826.66	4772.94



	31. 03. 2011 Rs. / Lakhs		31. 03. 2010 Rs. / Lakhs	
Schedule - 7				
INVESTMENTS - AT COST				
Quoted				
Long Term, non trade				
2080 Equity shares of I.D.B.I.Ltd of Rs 10 each fully paid up	2.96	0.35	2.39	0.35
130597 units of ICICI Prudential Infrastructure fund	15.66	30.01	16.04	30.01
96712 Units of L&T Oppurtunities Fund	16.52	30.00	17.71	30.00
23286 units of UTI Master Growth Unit Scheme	5.28	10.00	5.09	10.00
UnQuoted				
Long Term, non trade				
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
Investments in Subsidiaries				
JALA SHAYI 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
TOTAL		88.46		88.46
Schedule - 8				
INVENTORIES				
1. Raw Materials & Packing Materials		744.95		394.51
2. Stock-in-Process		132.13		107.43
3. Finished Goods		8.49		23.06
4. Stores, Spares & Fuel		615.28		552.17
TOTAL		1500.85		1077.17
Schedule - 9				
CASH AND BANK BALANCES				
1. Cash in Hand		3.80		12.86
2. In Current Account with Scheduled banks		51.63		85.38
3. Fixed Deposits with Banks (Refer Note No.17 of Schedule 21)		297.82		223.85
TOTAL		353.25		322.09



Schedule - 10 SUNDRY DEBTORS	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
SECURED		
More than six months	0.00	0.00
UNSECURED		
Considered Good		
More than six months	95.87	179.41
Others	2373.92	1702.96
Considered Doubtful	15.00	11.90
Less : Provision for doubtful debts	15.00	11.90
Amounts due by Enterprise under same Management: Carto Pack Rs 73.53 Lakhs(Previou Year Rs 98.02 Lakhs) [Maximum amount due at any time during the year Rs 98.09 Lakhs (Previous Year Rs 98.02Lakhs)]		
TOTAL	2469.79	1882.37
Schedule - 11		
LOANS AND ADVANCES		
(Unsecured, considered good)		
I ADVANCE TO SUBSIDIARY COMPANIES		
a. Jalashaayi Alamparathode Hydro Power Ltd.	5.36	5.37
b. Sree Kailas Palchuram Hydro Power Ltd	14.25	13.62
c. Sree Adisakthi Mukkuttathode Hydro Power Ltd	5.86	5.36
II OTHER ADVANCES		
a. Prepaid Expenses	7.12	10.29
b. Deposits	182.42	155.20
c. Staff Salary Advance	5.90	4.67
d. Advances to suppliers & capital goods	832.61	373.25
e. Other Advances (Advances recoverable in cash or in kind or for value to be received)	386.83	440.60
TOTAL	1440.35	1008.36
Schedule - 12		
CURRENT LIABILITIES & PROVISIONS		
a) CURRENT LIABILITIES		
1. Interest Accrued but not due on unsecured Loans	0.00	0.90
2. Sundry Creditors		
a. Due to Micro, Small and Medium Enterprises (Refer note 22 of Schedule 21)	0.00	0.00
b. Others		
(a) Supplies	1944.52	919.81
(b) Expenses	427.02	361.74
(c) Stores & Spares	162.04	113.07
(d) Capital Goods	3.15	5.15
(e) Deposit from Dealers/Customers	92.07	68.37
3. Other Liabilities	42.45	50.98
Items covered under Investor Education and Protection fund : (Refer note 25 of Schedule 21)		
Dividend Payable	10.11	9.29
Share Application & Brockerage Refund A/C	2.14	2.14
TOTAL	2683.50	1531.45
b) PROVISIONS		
Income Tax	278.34	116.67
Dividend and Corporate Dividend Tax	249.16	170.78
Gratuity & Leave encashment	83.83	74.05
TOTAL	611.33	361.50

**Schedules annexed to and forming part of Profit & Loss Account for the year ended 31. 03. 2011**

	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
Schedule - 13		
SALES -Kraft Paper and paper products	<u>19081.82</u>	<u>14753.18</u>
Schedule - 14		
MISCELLANEOUS INCOME		
Interest [Tax Deducted at Source Rs 1.67 Lakhs (Previous year Rs 1.63Lakhs)]	28.18	27.28
DEPB Licence Received	14.36	5.53
Dividend Received	2.93	1.59
Exchange rate fluctuation	0.00	73.86
Others	18.44	53.64
TOTAL	<u>63.91</u>	<u>161.90</u>
Schedule - 15		
INCREASE (DECREASE) IN STOCK		
Closing Stock		
Finished Goods	8.49	23.06
Stock in Process	<u>132.12</u>	<u>107.43</u>
	140.61	130.49
Less: Opening Stock		
Finished Goods	23.06	12.64
Stock in Process	<u>107.43</u>	<u>118.97</u>
	130.49	131.61
Increase (Decrease) in Stock	<u>10.12</u>	<u>(1.12)</u>
Schedule - 16		
MANUFACTURING EXPENSES		
Raw material consumed	10649.06	7675.36
Packing Material Consumed	234.96	203.45
Stores and Spares consumed	451.42	404.93
Power and Fuel consumed	2562.50	2177.65
Repairs and Maintenance- Plant & Machinery	81.28	58.36
Repairs and Maintenance- Building	13.64	8.15
Cooli charges	636.11	524.08
Insurance charges	8.96	11.54
Others	111.44	172.89
TOTAL	<u>14749.37</u>	<u>11236.41</u>



	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
Schedule - 17		
PAYMENTS TO AND PROVISION FOR EMPLOYEES		
Salaries , Wages & Allowance	580.72	496.94
Remuneration to Managerial persons(See Schedule 21. B .1.)	58.20	52.50
Bonus	24.15	22.74
Gratuity	13.72	9.25
Leave Encashment	1.11	0.00
Staff Welfare Expenses	78.37	65.64
Employer's Contribution to PF	19.83	19.05
Employer's Contribution to ESI	18.84	18.50
Others	1.38	7.53
TOTAL	796.32	692.15
Schedule - 18		
ADMINISTRATIVE EXPENSES		
Travelling Expenses	43.58	59.51
Rent	16.41	19.80
Professional service charges	25.15	20.29
Printing & Stationery	9.78	9.02
Telephone, Postage and Telegram	21.21	25.52
Repairs & Maintenance	35.09	26.02
Insurance charges	6.07	5.95
Auditors Remuneration (See Schedule 21. B .2.)	6.29	5.41
Directors Sitting fee	3.12	2.84
Rates & Taxes	10.68	11.77
Exchange rate fluctuation	19.12	0.78
Public Issue Expenses W/off	38.27	38.27
Others	97.12	78.22
TOTAL	331.89	303.40
Schedule - 19		
SELLING & DISTRIBUTION EXPENSES		
Freight outwards	44.92	43.41
Discount	216.24	159.48
Sales Commision	204.32	210.57
Sales Promotion Expenses	15.18	19.48
Provision for Bad / Doubtful debts	74.96	61.00
Advertisement charges	0.00	5.60
Export Claim Paid	5.55	6.79
Others	13.62	9.92
TOTAL	574.79	516.25
Schedule - 20		
INTEREST AND FINANCE CHARGES		
Interest- Term Loans	133.43	117.49
Interest-Other Loans	174.96	226.12
Others	177.18	171.53
TOTAL	485.57	515.14



NOTES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule - 21

A. 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) 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.

4) 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.

5) 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.

6) 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.

7) Forward Contracts:

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

8) 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.

9) 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. Public issue expenses are written off over a period of 5 years from the year in which the proceeds are substantially utilized.

10) 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.

11) 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.

12) 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.



B. NOTES ON ACCOUNTS

1) Managerial Remuneration (Rs. in Lakhs)

Particulars	2010-11	2009-10
Managing Director		
Salary	24.00	24.00
House Rent Allowance	11.40	11.40
Whole Time Director (Operations)		
Salary	18.00	13.50
House Rent Allowance	4.80	3.60
Total	58.20	52.50

2) Auditors Remuneration: (Rs. in lakhs)

Particulars	2010-11	2009-10
For audit	5.00	4.00
For Tax audit	0.50	0.50
For Taxation matters	0.55	0.45
Out of pocket Expenses	0.24	0.46
Total	6.29	5.41

3) Value of Imports calculated on C.I.F. basis

Raw Material: Rs 5117.81 Lakhs (Previous Year 3242.08 Lakhs) Stores & Spare parts: Rs 29.18 Lakhs. (Previous Year Rs. 31.38 Lakhs)

4) Expenditure in Foreign Currency:

Traveling Expenses Nil (Previous Year – Nil)
Export commission Rs 7.04 Lakhs (Previous year- Rs 14.42 Lakhs)
Export claim Rs 5.55 Lakhs (Previous year- Rs 6.79 Lakhs)

5) Earnings in Foreign Exchange

Export of goods FOB Basis – Rs.358.97 Lakhs (Previous year – 138.17 Lakhs)

6) Deferred Tax Liability: (Rs in Lakhs)

Arising on account of timing difference in	Current Year	Up to 31.03.10	Total as on 31.03.11
Deferred Tax Liability			
Depreciation	7005	763.79	833.84
Less: Deferred Tax Asset			
Provision for bad and doubtful debt	1.03	3.91	4.94
Provision for gratuity & leave encashment	3.25	25.16	28.41
	4.28	29.07	33.35
Net Deferred Tax Liability	65.77	734.72	800.49

7) Consumption of Raw Materials

Particulars	Quantity (in MT)		Value (Rs.in Lakhs)	
	31.03.11	31.03.10	31.03.11	31.03.10
Imported Waste Paper	44365.93	31441.86	5376.96	3018.74
Indigenous Waste Paper	43354.49	50716.97	4193.71	3794.90
Imported Chemicals	0.00	1.08	0.00	2.67
Indigenous Chemical	8511.90	6360.75	1078.39	859.05
Total	96232.32	88520.66	10649.06	7675.36

7a) Percentage Consumption of Raw materials

Particulars	Value (Rs.in Lakhs)		Percentage	
	31.03.11	31.03.10	31.03.11	31.03.10
Imported	5376.96	3021.41	50.50	39.37
Indigenous	5272.10	4653.95	49.50	60.63
Total	10649.06	7675.36	100.00	100.00

8) Consumption of Stores & Spares

Particulars	Value (Rs.in Lakhs)		Percentage	
	31.03.11	31.03.10	31.03.11	31.03.10
Imported	38.95	9.70	8.63	2.40
Indigenous	412.47	395.23	91.37	97.60
Total	451.42	404.93	100.00	100.00

9) Finished Goods

Particulars of Paper & Paper Boards	Quantity (in MT)		Value (Rs.in Lakhs)	
	31.03.11	31.03.10	31.03.11	31.03.10
Opening Stock	65	136	23.06	12.64
Production	77385	71926	18278.26	14763.60
Sales	77380	71997	18292.83	14753.18
Closing Stock	70	65	8.49	23.06

10) Stock-in-Process

Particulars	Quantity (in MT)		Value (Rs.in Lakhs)	
	31.03.11	31.03.10	31.03.11	31.03.10
Opening	529.43	583.28	107.43	118.97
Closing	600.22	529.43	132.12	107.43

- 11) Sales are inclusive of Excise Duty & Cess.
- 12) Balances of Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation.
- 13) Previous year figures have been re-arranged / re-grouped wherever necessary.
- 14) Assets, Loans and advances are in realizable state in the ordinary course of business.



15) Details of Donations paid to Political parties
Amount in Rs.

Particulars	2010-11	2009-10
CPI (M)	20500	62500
CPI	25000	500
CONGRESS(I)	33000	5500
RSP(M)	500	
RSP(B)	800	500
BJP	500	
SHIV SENA	1000	
IUML	1850	
JSS	1600	
JANATHADAL	500	
CMP		1000
CONGRESS(S)		1000
KERALA CONGRESS		500
Total	85250	71500

16) Capacity

Particulars	Paper & Paper Boards (MT)	
	31.03.11	31.03.10
Licensed Capacity (Registered/Applied with S.I.A.)	100000	100000
Installed Capacity	85000	85000
Actual Production	77385	71926

17) Fixed deposits with following banks is subject to lien created to secure the LC/BG Limit sanctioned by them.

(Rs.in Lakhs)

Name of Bank	2010-11	2009-10
Bank of India	32.92	31.78
Federal Bank Ltd.	152.88	109.38
IDBI Bank Ltd,	112.01	82.69
TOTAL	297.81	223.85

18) Borrowing costs capitalized during this year – Rs.17.54Lakhs (Previous Year – Nil)

19) 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 (Previous Year Nil)	Nil
(ii) Future interest embedded in (i) (Previous Year Nil)	Nil
(iii) Present value of lease payments (i-ii) (Previous Year Nil)	Nil

Finance charges on lease payments amounting to Rs. Nil (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 31-03-2011 is as follows

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

20) Secured Loans

a) Term loans from State Bank of Travancore, Syndicate Bank Ltd and IDBI Bank Ltd. are secured by *paripassu* first charge on the fixed assets and *paripassu* second charge on Current Assets of the Company except those assets otherwise specifically charged.

b) Cash Credit Loan from Federal bank Ltd, Bank of India and IDBI Bank Ltd. are secured by *paripassu* first charge on the entire inventories and receivables and further secured by *paripassu* second charge on the entire fixed assets of the Company.

21) Contingent Liabilities not provided for

- Unexpired Contracts for Capital Expenditure : Rs 546.42 Lakhs (Previous year Rs 83.84 Lakhs)
- Usance Letter of credit remaining unpaid as on 31.03.2011 amounts to Rs.2390.85 Lakhs (Previous years Rs.2034.36 Lakhs)
- Guarantee given by bank on behalf of the Company Rs.130.33 Lakhs(Previous year Rs. 124.60 Lakhs)
- Amount of Income tax liabilities disputed in appeal Rs 87.25 Lakhs (Previous year Rs.20.56 Lakhs)
- Additional claims of electricity charges disputed Rs.4.05 Lakhs(Previous year Rs 4.05 lakhs)
- Sales Tax demand disputed under appeal is Rs 15.48 Lakhs(Previous year Rs 27.76 lakhs)
- Excise duty disputed under appeal Rs 0.95 Lakhs(previous year Rs Nil)

22) Based on the information available with the Company as at the year-end, there are no balances due to undertaking defined under Micro, Small and Medium Enterprises development Act 2006



Particulars	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
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.	Nil	Nil
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

23) 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	31.3.2011	31.3.2010
Profit after tax (Rs. in Lakhs)	701.33	464.43
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	1,64,36,217	1,64,36,217
Nominal value of shares (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	4.27	2.83

24) Current market value of the quoted investments is Rs 40.42 Lakhs (Previous Year Rs.41.23 Lakhs)

25) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2011

26) 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 Lakhs	
	2010-11	2009-10
Employers Contribution to Provident Fund	19.83	19.05
Employers Contribution to Employee's State Insurance	18.84	18.50

b. Defined benefit Plans- Gratuity:

i. Actuarial Assumptions:

	As on 31.03.2011	As on 31.03.2010
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%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 (Years)	12.05	12.90



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

Rs. in Lakhs

Particulars	As on 31.03.2011	As on 31.03.2010
Present value of obligations at the beginning of the period	58.46	54.48
Interest Cost	4.29	3.99
Current Service Cost	5.60	5.15
Benefits paid	(5.05)	(4.92)
Actuarial (Gain)/Loss	3.84	(0.24)
Present value of obligations at the end of the period	67.14	58.46

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

Rs. in Lakhs

Particulars	As on 31.03.2011	As on 31.03.2010
Present value of obligations at the end of the period	67.14	58.46
Fair value of plan assets at the end of the period	-	-
Funded Status	(67.14)	(58.46)
Unrecognised Actuarial (Gain)/Losses	-	-
Net Asset/Liability to be recognised in Balance Sheet	67.14	58.46

iv. Expenses recognized in the Profit and Loss Account

Rs. in Lakhs

Particulars	As on 31.03.2011	As on 31.03.2010
Current Service Cost	5.60	5.15
Past Service Cost	-	-
Interest Cost	4.29	3.99
Expected Return on Plan Assets	-	-
Curtailement Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Net Actuarial (Gain)/Loss recognised in the period	3.83	(0.24)
Expenses recognised in the statement of Profit and Loss Account	13.72	8.90

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

	As on 31.03.2011	As on 31.03.2010
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%p.a	7.00% p.a
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)	12.05	12.90

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

Rs. in Lakhs

Particulars	As on 31.03.2011	As on 31.03.2010
Present value of obligations at the beginning of the period	15.58	18.48
Interest Cost	1.60	1.81
Current Service Cost	14.49	14.77
Benefits paid	-	-
Actuarial (Gain)/Loss	(14.98)	(19.47)
Present value of obligations at the end of the period	16.69	15.59



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

Particulars	Rs. in Lakhs	
	As on 31.03.2011	As on 31.03.2010
Present value of obligations at the end of the period	16.69	15.59
Fair value of Plan Assets at the end of the period	0	0
Funded Status	(16.69)	(15.59)
Unrecognised Actuarial (Gain)/Losses	0	0
Net Asst/Liability to be recognised in Balance Sheet	16.69	15.59

iv. Expenses recognized in the Profit and Loss Account

Particulars	Rs. in Lakhs	
	As on 31.03.2011	As on 31.03.2010
Current Service Cost	14.49	14.77
Past Service Cost	0	0
Interest Cost	1.60	1.81
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	(14.98)	(19.47)
Expenses recognised in the statement of Profit and Loss Account	1.11	(2.89)

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

27) Details of Provisions Pursuant to Accounting Standard - 29 - Provisions, Contingent Liabilities and Contingent Assets

(Rs.in Lakhs)

	Opening Balance		Provision made during the year		Utilized during the year		Closing Balance	
	01.04.10	01.04.09	10-11	09-10	10-11	09-10	31.03.11	31.03.10
Sundry Debtors	11.90	70.90	74.96	61.00	71.86	120.00	15.00	11.90
Income tax	116.67	62.00	285.65	116.67	123.98	62.00	278.34	116.67
Proposed Dividend	147.93	246.54	213.67	147.93	147.93	246.54	213.67	147.93
Corporate Dividend tax	22.85	41.90	57.33	22.85	44.69	41.90	35.49	22.85
Gratuity & Leave encashment	74.05	72.96	14.83	6.11	5.05	5.02	83.83	74.05

28) Details in respect of related parties pursuant to AS 18

Sl. No.	Name of Related Party	Nature of Relationship	Details of Transactions		
			Nature of Transaction	Amount (Rs. in lakhs)	
				2010-11	2009-10
1.	Mr. S. Raj Kumar	Key Management Personnel (Vice Chairman & Managing Director)	Remuneration and Allowances	35.40	35.40
			Rent	3.24	2.88
2.	Mrs. Rajee Rajkumar	Relatives of Key Management Personnel	No Transaction	-	-
3.	Mr. S. Sivathanu Pillai		Sitting Fees	0.48	0.44
4.	Mrs. E. Kamalam		Sitting Fees	0.28	0.24
5.	Mr. S. Subramoniam		Sitting Fees	0.28	0.24
6.	Mr. S. Giridhar		Sitting fees	0.28	0.24



Sl. No.	Name of Related Party	Nature of Relationship	Details of Transactions		
			Nature of Transaction	Amount (Rs. in lakhs)	
				2010-11	2009-10
7.	Mr. A. Padmanabhan	Key Management Personnel (Whole time Director-Operations)	Remunerations and Allowances	22.80	17.10
			Rent	1.44	-
8.	Shri Kailash Logistics Ltd.	Enterprises over which any person mentioned in 1 to 7 above is able to exercise significant influence	Freight Charges	191.11	166.18
9.	Sree Sakthi Constructions and Infrastructure (P) Ltd.		No Transactions	-	-
10.	Carto Packs		Purchase of Raw Material	117.05	98.90
			Sale of Finished Goods	168.63	145.10
11.	Sree Kailas Packagings		No Transactions	-	-
12.	Sree Ganapathy Packagings Pvt. Ltd.		No Transactions	-	-
13	Synergy Homes Ltd		Purchase of Raw Material	565.42	318.59
			Civil works	79.80	
		Sale of car	0.85		
14	JalaShaayiAlamparathodu Hydro Power Ltd.	Subsidiary Companies	Unsecured Loan	5.36	5.36
			Investment in Subsidiary Co	4.70	4.70
15	Sree Kailas Palchuram Hydro Power Ltd		Unsecured Loan	14.25	13.62
			Investment in Subsidiary Co	4.70	4.70
16	SreeAdiSakthiMukkuttathode Hydro Power Ltd		Unsecured Loan	5.86	5.36
			Investment in Subsidiary Co	4.70	4.70

Signatories to Schedules 1 to 21

Subject to our report of even date

For Balan & Co.
Chartered Accountants
Sd/-
A. Mohanan, B.Sc., FCA, DISA
Partner (M. No. 20627)
FRN: 000340S

Sd/-
Binu Alex V., ACS
Company Secretary
Sd/-
Rajesh R., FCA
GM (Finance & Accounts)

For and on behalf of the Board
Sd/-
S. Sivathanu Pillai, Chairman
Sd/-
A. S. Unni, Director
Sd/-
S. Rajkumar
Vice Chairman & Managing Director
Sd/-
A. Padmanabhan
Whole Time Director-Operations

Cochin-16
30-05-2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

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

	2010-11		2009-10	
	Rs. / Lakhs		Rs. / Lakhs	
A. Cash Flow from Operating activities				
Net profit Before Taxation		1052.75		706.96
Adjustment for:				
Provision for Depreciation	376.17		342.51	
Interest on Borrowings	485.57		338.90	
Interest Income	(28.18)		(27.28)	
Dividend income	(2.93)		(1.59)	
Preliminary Exp W/off	38.27		38.27	
Loss on sale of Fixed Assets	0.54		0.60	
		869.44		691.41
		1922.19		1398.37
Operating profit before working capital changes				
(Increase)/Decrease in Sundry Debtors	(587.43)		282.50	
(Increase)/Decrease in Loans & Advances	(377.45)		33.18	
(Increase)/Decrease in Inventories	(423.67)		87.26	
Increase/(Decrease) in Sundry Creditors & Other liabilities	1161.85	(226.70)	(168.52)	234.42
Cash from operations		1695.49		1632.79
Income tax paid		178.52		103.80
Net cash from operating activities		1516.97		1528.99
B. Cash flow from Investing Activities				
Purchase of Fixed assets	(844.60)		(406.26)	
Capital Work-in-Progress	(84.37)		0.00	
Sale of Fixed assets	6.87		9.45	
Interest Income	28.18		27.28	
Dividend received	2.93		1.59	
Net cash from Investing activities		(890.99)		(367.94)
C. Cash flow from Financing activities				
Proceeds from Long Term Borrowings	783.64		44.00	
Proceeds from Short Term Borrowings	187.88		250.00	
Repayment of Long Term Borrowings	(326.88)		(299.68)	
Repayment of Short Term Borrowings	(429.78)		(324.16)	
Interest on borrowings	(485.57)		(336.16)	
Dividend & Corporate Dividend Tax paid	(324.11)		(459.22)	
Net Cash flow from Financing Activities		(594.82)		(1125.22)
Net Increase/Decrease in Cash & Cash Equivalents		31.16		35.83
Cash & Cash Equivalents ason 31/3/10		322.09		286.26
Cash & Cash Equivalents ason 31/3/11		353.25		322.09

Subject to our report of even date

For Balan & Co.
Chartered AccountantsSd/-
A. Mohanan, B.Sc., FCA, DISA
Partner (M. No. 20627)
FRN: 000340SCochin-16
30-05-2011Sd/-
Binu Alex V., ACS
Company SecretarySd/-
Rajesh R., FCA
GM (Finance & Accounts)For and on behalf of the Board
Sd/-
S. Sivathanu Pillai, ChairmanSd/-
A. S. Unni, DirectorSd/-
S. Rajkumar
Vice Chairman & Managing DirectorSd/-
A. Padmanabhan
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 Alamparathode Hydro Power Limited	Sree Adisakthi Mukkuttathode Hydro Power Limited	Sree Kailas Palchuram Hydro Power Limited
2	Financial Year of the Subsidiary Company ended on	31.03.2011	31.03.2011	31.03.2011
3	Extent of 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 the paid up Equity Share Capital	47% of the paid up Equity Share Capital	47% of the 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 dealt with in the Holding Company's accounts:			
	i) For the financial year ended 31st March 2011	Profit of Rs 0.32 Lakhs	Profit of Rs 0.30 Lakhs	Profit of Rs 0.38 Lakhs
	ii) For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary	Profit of Rs 0.62 Lakhs	Profit of Rs 0.85 Lakhs	Loss of Rs. 0.06 Lakhs
	b) Dealt with in the Holding Company's accounts:			
	i) For the financial year ended 31st March 2011	Nil	Nil	Nil
	ii) For the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary	Nil	Nil	Nil

Cochin-16
30-05-2011Sd/-
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Company SecretarySd/-
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Sd/-
A. S. Unni, Director
Sd/-
S. Rajkumar
Vice Chairman & Managing Director
Sd/-
A. Padmanabhan
Whole Time Director-Operations

**Information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

a) Registration details	
Registration Number	L21012KLI991PLC006207
State Code Number	09
Balance Sheet date	31st March 2011
b) Capital raised during the year	(Amount in Thousands)
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
c) Position of Mobilisation and Deployment of Funds	
Total Liabilities	7,92,991
Total Assets	7,92,991
Sources of funds	
Paid-up Capital	1,64,362
Reserves & Surplus	2,30,962
Secured Loans	3,17,618
Unsecured Loans	—
Deferred Tax Liability	80,049
Application of funds	
Net Fixed Assets	5,28,767
Capital WIP	8,437
Investments	8,846
Net Current Assets	2,46,941
Miscellaneous Expenditure	—
d) Performance of the Company	
Turn over (including other income)	18,36,686
Total Expenditure	17,31,411
Profit before Tax	1,05,275
Profit after Tax	7,01,333
Earnings per share	4.27
Dividend rate percentage	21%

e) Generic names of three principle products of the Company:

ITC Code No.	Description
1 6413	Kraft Paper from Non-Conventional raw materials like waste paper Kraft cuttings
2 48101209	Paper Board coated with china clay using Unconventional raw materials

Cochin-16
30-05-2011Sd/-
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A. S. Unni, Director
Sd/-
S. Rajkumar
Vice Chairman & Managing Director
Sd/-
A. Padmanabhan
Whole Time Director-Operations



BALAN & CO.

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

Phone: 0484-2360663
2360773
Fax: 2360773
A. Mohanan : 3950630
E-mail: balanandco@vsnl.net

**AUDITOR'S REPORT ON CONSOLIDATED
FINANCIAL STATEMENTS**

1. We have audited the attached Consolidated Balance Sheet of Sree Sakthi Paper Mills Limited and its subsidiaries- Sree Adi Sakthi Mukkuttathodu Hydro Power Limited, Sree Kailas Palchuram Hydro Power Limited and Jalashaayi Alamparathodu Hydro Power Limited as at 31st March 2011 and the Consolidated Profit and Loss account for the year ended and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of Sree Sakthi Paper Mills Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Sree Sakthi

Paper Mills Limited's management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006. Based on our audit and on consideration of reports of the other auditors on financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of Sree Sakthi Paper Mills Limited and its subsidiaries as at 31st March 2011;
- b) in the case of Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statements, of the cash flows for the year ended on that date.

For **BALAN & CO.**
Chartered Accountants

Sd/-

Place : Cochin-II
Date : 30.05.11

A. MOHANAN B.Sc, FCA, DISA
Partner (M.No.20627)
FRN: 000340S

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

	Schedule No.	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
SOURCES OF FUNDS			
(1) Share Holders' Funds:			
(a) Capital	1	1643.62	1643.62
(b) Reserves & Surplus	2	2310.44	2011.50
		<u>3954.06</u>	<u>3655.12</u>
(2) Loan Funds:			
(a) Secured Loans	3	3176.18	2531.54
(b) Unsecured Loans	4	-	429.78
		<u>3176.18</u>	<u>2961.32</u>
(3) Minority Interest			
		16.84	16.71
(4) Deferred Tax Liability			
	5	800.70	734.85
TOTAL			
		<u>7947.78</u>	<u>7368.00</u>
APPLICATION OF FUNDS			
(1) Fixed Assets:			
(a) Gross Block	6	7749.31	6919.66
(b) Less: Depreciation		2461.10	2092.45
(c) Net Block		<u>5288.21</u>	<u>4827.21</u>
(d) Capital work-in-progress		84.37	0.00
(2) Investments			
	7	74.36	74.36
(3) Current Assets, Loans & Advances			
(a) Inventories	8	1500.85	1077.17
(b) Cash & Bank balances	9	393.24	363.45
(c) Sundry Debtors	10	2469.79	1882.37
(d) Loans & Advances	11	1425.23	990.87
		<u>5789.11</u>	<u>4313.86</u>
Less: Current Liabilities and Provisions			
(a) Current Liabilities		2,683.82	1531.19
(b) Provisions		612.22	362.28
		<u>3296.04</u>	<u>1893.47</u>
Net Current Assets			
		<u>2493.07</u>	<u>2420.39</u>
(4) Miscellaneous Expenditure:			
(To the extend not written off)			
Public Issue Expenses		7.77	46.04
TOTAL			
		<u>7947.78</u>	<u>7368.00</u>
Accounting Policies & Notes on Accounts	21		

Subject to our report of even date

For Balan & Co.
Chartered AccountantsSd/-
A. Mohanan, B.Sc., FCA, DISA
Partner (M. No. 20627)
FRN: 000340SCochin-16
30-05-2011Sd/-
Binu Alex V., ACS
Company SecretarySd/-
Rajesh R., FCA
GM (Finance & Accounts)For and on behalf of the Board
Sd/-
S. Sivathanu Pillai, Chairman
Sd/-
A. S. Unni, Director
Sd/-
S. Rajkumar
Vice Chairman & Managing Director
Sd/-
A. Padmanabhan
Whole Time Director-Operations

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Schedule No.	Year ended 31. 03. 2011 Rs. / Lakhs	Year ended 31. 03. 2010 Rs. / Lakhs
INCOME			
Sales	13	19081.82	14753.18
Less: Excise Duty		788.99	601.14
		<u>18292.83</u>	<u>14152.04</u>
Miscellaneous Income	14	66.58	164.42
Increase / (Decrease) in Stock	15	10.12	(1.12)
TOTAL		<u>18369.53</u>	<u>14315.34</u>
EXPENDITURE			
Manufacturing Expenses	16	14749.37	11236.41
Payments to & Provision for Employees	17	796.32	692.54
Administrative Expenses	18	333.17	303.85
Selling & Distribution Expenses	19	574.79	516.25
Interest & Finance Charges	20	485.57	515.31
TOTAL		<u>16939.22</u>	<u>13264.36</u>
Profit Before Depreciation and Tax		1430.31	1050.98
Depreciation		<u>376.29</u>	<u>342.53</u>
Profit Before Tax		1054.02	708.45
Provision for Taxation - Current		286.54	153.43
- Deferred		65.85	89.72
Profit After Tax		701.63	465.30
Income Tax Provisions w/off / (w/back)		0.06	0.20
Profit After Tax & before minority interest		701.57	465.10
Less: Minority Interest		0.13	0.35
Profit After Tax & after minority interest		701.44	464.75
Add: Balance brought forward from previous year		124.57	101.39
		<u>826.01</u>	<u>566.14</u>
APPROPRIATIONS			
Interim Dividend		131.49	147.93
Proposed Final Dividend		213.67	147.92
Corporate Dividend tax		57.33	45.71
Transfer to General Reserve		150.00	100.00
		<u>552.49</u>	<u>441.56</u>
Balance carried to Balance Sheet		<u>273.52</u>	<u>124.58</u>
Accounting Policies & Notes on Accounts	21		
Earnings Per Share (Basic and Diluted)		4.27	2.83
Weighted Average Number of Shares		16,436,217	16,436,217

Subject to our report of even date

For Balan & Co.
Chartered Accountants
Sd/-
A. Mohanan, B.Sc., FCA, DISA
Partner (M. No. 20627)
FRN: 000340S

Cochin-16
30-05-2011

Sd/-
Binu Alex V., ACS
Company Secretary

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GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
S. Sivathanu Pillai, Chairman

Sd/-
A. S. Unni, Director

Sd/-
S. Rajkumar
Vice Chairman & Managing Director
Sd/-
A. Padmanabhan
Whole Time Director-Operations

Schedules annexed to and forming part of the Consolidated Balance Sheet as at 31st March 2011

	31.03.2011 Rs. / Lakhs	31.03.2010 Rs. / Lakhs
Schedule 1		
SHARE CAPITAL		
AUTHORISED		
3,00,00,000 Equity shares of Rs 10 each	<u>3,000.00</u>	<u>3,000.00</u>
(Previous Year 3,00,00,000 Equity shares of Rs 10 each)		
1,64,36,217 Equity Shares of Rs.10/- each fully paid up	1643.62	1643.62
(Previous year 1,64,36,217 Equity Shares of Rs 10 each fully paid up)		
(Of the above 60,70,500 shares were allotted as fully paid up by way of bonus shares by capitalisation of profits transferred to General Reserve)		
TOTAL	<u>1643.62</u>	<u>1643.62</u>
Schedule - 2		
RESERVES & SURPLUS		
i). Capital Reserve		
Amount as per Last Balance Sheet	36.68	36.68
Add: Additions/ transfers during the Year	<u>0.00</u>	<u>0.00</u>
	36.68	36.68
ii). Securities Premium Account		
Amount as per Last Balance Sheet	1667.24	1667.24
Add: Additions/ transfers during the Year	<u>0.00</u>	<u>0.00</u>
	1667.24	1667.24
iii) General Reserve		
Amount as per Last Balance Sheet	183.00	83.00
Add: Additions/ transfers during the Year	<u>150.00</u>	<u>100.00</u>
	333.00	183.00
iv) Profit & Loss Account		
Amount as per Last Balance Sheet	124.58	101.39
Add: Profit during the Year	298.94	123.19
Less: Transfer to General Reserve	<u>150.00</u>	<u>100.00</u>
	273.52	124.58
TOTAL	<u>2,310.44</u>	<u>2,011.50</u>
Schedule - 3		
SECURED LOANS		
(i) Term Loans from:		
a. IDBI Bank Ltd.	317.33	507.14
b. Syndicate Bank Ltd.	210.90	278.01
c. Federal Bank Ltd.	171.73	241.70
d. State Bank of Travancore	783.64	
(ii) Cash Credit Loans		
a. IDBI Bank Ltd.	486.55	477.15
b. Federal Bank Ltd.	968.68	965.81
c. Bank of India.	237.35	61.73
(Refer Note 12 of Schedule 21)		
TOTAL	<u>3176.18</u>	<u>2531.54</u>



	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
Schedule - 4		
UNSECURED LOANS		
1. From Directors	0.00	0.00
2. From Banks		
Bank of India- Suppliers Credit	0.00	333.30
SBI - Canada - Buyers Credit	0.00	44.71
Bank of Baroda - Buyers Credit	0.00	51.77
3. From Others	0.00	0.00
TOTAL	0.00	429.78
Schedule - 5		
DEFERRED TAX LIABILITY		
Deferred Tax liability	834.05	763.92
Less: Deferred Tax Asset	33.35	29.07
TOTAL	800.70	734.85
Schedule - 7		
INVESTMENTS - AT COST		
Quoted	Market value	Market value
Long Term, non trade	as on	as on
	31. 03. 2011	31. 03. 2010
2080 Equity shares of I.D.B.I.Ltd of Rs 10 each fully paid up	2.96	0.35
130597 units of ICICI Prudential Infrastructure fund	15.66	30.01
96712 Units of L&T Oppurtunities Fund	16.52	30.00
23286 units of UTI Master Growth Unit Scheme	5.28	10.00
UnQuoted		
Long Term, non trade		
Kerala Enviro Infrastructure Ltd	1.00	1.00
(10000 Equity Shares of Rs 10 each fully paid up)		
Cochin Waste 2 Energy P Ltd	3.00	3.00
(30000 Equity Shares of Rs 10 each fully paid up)		
TOTAL	74.36	74.36
Schedule - 8		
INVENTORIES		
1. Raw Materials & Packing Materials	744.95	394.51
2. Stock-in-Process	132.13	107.43
3. Finished Goods	8.49	23.06
4. Stores, Spares & Fuel	615.28	552.17
TOTAL	1500.85	1077.17
Schedule - 9		
CASH AND BANK BALANCES		
1. Cash in Hand	3.85	12.96
2. In Current Account with Scheduled banks	53.57	88.64
3. Fixed Deposits with Banks	335.82	261.85
(Refer Note No.9 of Schedule 21)		
TOTAL	393.24	363.45



Schedule - 6
FIXED ASSETS

Rs./Lakhs

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Balance as on 01.04.2010	Additions during the year	Sale during the year	Total as on 31.03.2011	Upto 01.04.2010	For the Year	Sale during the year	Total as on 31.03.2011	As on 31.03.2011	As on 31.03.2010
1	Land	52.80	1.09	-	53.89	0.00	0.00	-		53.89	52.80
2	Buildings	806.69	43.84	-	850.53	173.98	24.43	-	198.40	652.13	632.71
3	Furniture & Fixtures	29.14	14.48	-	43.62	16.31	1.65	-	17.96	25.66	12.83
4	Plant & Machinery	5973.00	778.06	15.06	6736.00	1879.19	344.58	7.64	2216.13	4519.87	4093.81
5	Office Equipments	40.47	3.37		43.84	16.39	1.93	-	18.32	25.52	24.08
	TOTAL	6902.10	840.84	15.06	7727.88	2085.87	372.58	7.64	2450.81	5277.07	4816.23
6	Intangible Asset- Computer Software	17.56	3.87	-	21.43	6.58	3.71	-	10.29	11.14	10.98
	TOTAL	6919.66	844.71	15.06	7749.31	2092.45	376.29	7.64	2461.10	5288.21	4827.21
	Figures for the previous year	6544.00	406.26	30.60	6919.66	1770.48	342.53	20.55	2092.45	4827.21	4773.52



	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
Schedule - 10		
SUNDRY DEBTORS		
SECURED		
More than six months	0.00	0.00
UNSECURED		
Considered Good		
More than six months	95.87	179.41
Others	2373.92	1702.96
Considered Doubtful	15.00	11.90
Less : Provision for doubtful debts	15.00	11.90
Amounts due by Enterprise under same Management: Carto Pack Rs 73.53 Lakhs(Previous Year Rs 98.02 Lakhs) Maximum amount due at any time during the year Rs 98.09 Lakhs (Previous Year Rs 98.02Lakhs)]		
TOTAL	<u>2469.79</u>	<u>1882.37</u>
Schedule - 11		
LOANS AND ADVANCES		
(Unsecured, considered good)		
a. Prepaid Expenses	7.12	10.29
b. Deposits	182.42	155.20
c. Staff Salary Advance	5.90	4.67
d. Advances to suppliers & capital goods	832.61	372.16
e. Other Advances (Advances recoverable in cash or in kind or for value to be received)	397.18	448.55
TOTAL	<u>1425.23</u>	<u>990.87</u>
Schedule - 12		
CURRENT LIABILITIES & PROVISIONS		
a) CURRENT LIABILITIES		
1. Interest Accrued but not due on unsecured Loans		0.90
2. Sundry Creditors		
a. Due to Micro, Small and Medium Enterprises (Refer note 14 of Schedule 21)		0.00
b. Others		
(a) Supplies	1944.52	919.81
(b) Expenses	427.03	362.57
(c) Stores & Spares	162.04	113.07
(d) Capital Goods	3.15	5.15
(e) Deposit from Dealers/Customers	92.07	68.37
3. Other Liabilities	42.76	49.89
Items covered under Investor Education and Protection fund :		
Dividend Payable	10.11	9.29
Share Application & Brokerage Refund A/C (Refer note 17 of Schedule 21)	2.14	2.14
TOTAL	<u>2683.82</u>	<u>1531.19</u>
b) PROVISIONS		
Income Tax (Net of MAT Credit Entitlement)	279.23	117.45
Dividend and Corporate Dividend Tax	249.16	170.78
Gratuity & Leave encashment	83.83	74.05
TOTAL	<u>612.22</u>	<u>362.28</u>



Schedules annexed to and forming part of Consolidated Profit & Loss Account for the year ended 31. 03. 2011

	31. 03. 2011 Rs. / Lakhs	31. 03. 2010 Rs. / Lakhs
schedule - 13		
SALES -Kraft Paper and paper products	19081.82	14753.18
Schedule - 14		
MISCELLANEOUS INCOME		
Interest [Tax Deducted at Source Rs 1.94 Lakhs(Previous year Rs 1.88Lakhs)]	30.85	29.80
DEPB Licence Received	14.36	5.53
Dividend Received	2.93	1.59
Exchange rate fluctuation	0.00	73.86
Others	18.44	53.64
TOTAL	66.58	164.42
Schedule - 15		
INCREASE (DECREASE) IN STOCK		
Closing Stock		
Finished Goods	8.49	23.06
Stock in Process	132.12	140.61
Less: Opening Stock		
Finished Goods	23.06	12.64
Stock in Process	107.43	118.98
Increase (Decrease) in Stock	10.12	(1.12)
Schedule - 16		
MANUFACTURING EXPENSES		
Raw material consumed	10649.06	7675.36
Packing Material Consumed	234.96	203.45
Stores, Spares consumed	451.42	404.93
Power & Fuel consumed	2562.50	2177.65
Repairs and Maintenance- Plant & Machinery	81.28	58.36
Repairs and Maintenance- Building	13.64	8.15
Cooli charges	636.11	524.08
Insurance charges	8.96	11.54
Others	111.44	172.89
TOTAL	14749.37	11236.41
Schedule - 17		
PAYMENTS TO AND PROVISION FOR EMPLOYEES		
Salaries , Wages & Allowance	580.72	497.32
Remuneration to Managerial persons(See Schedule 21. B .1.)	58.20	52.50
Bonus	24.15	22.74
Gratuity	13.72	9.25
Leave Encashment	1.11	0.00
Staff Welfare Expenses	78.37	65.64
Employer's Contribution to PF	19.83	19.05
Employer's Contribution to ESI	18.84	18.50
Others	1.38	7.54
TOTAL	796.32	692.54



	31.03.2011 Rs. / Lakhs	31.03.2010 Rs. / Lakhs
Schedule - 18		
ADMINISTRATIVE EXPENSES		
Travelling Expenses	43.58	59.74
Rent	16.41	19.80
Professional service charges	25.15	20.29
Printing & Stationery	9.78	9.02
Telephone, Postage and Telegram	21.21	25.52
Repairs & Maintenance	35.09	26.02
Insurance charges	6.07	5.95
Auditors Remuneration (See Schedule 21. B .2.)	6.43	5.53
Directors Sitting fee	3.12	2.84
Rates & Taxes	10.68	11.90
Exchange rate fluctuation	19.12	0.78
Public Issue Expenses W/off	38.27	38.27
Others	98.26	78.19
TOTAL	333.17	303.85
Schedule - 19		
SELLING & DISTRIBUTION EXPENSES		
Freight outwards	44.92	43.41
Discount	216.24	159.48
Sales Commision	204.32	210.57
Sales Promotion Expenses	15.18	19.48
Provision for Bad / Doubtful debts	74.96	61.00
Advertisement charges	-	5.60
Export Claim Paid	5.55	6.79
Others	13.62	9.92
TOTAL	574.79	516.25
Schedule - 20		
INTEREST AND FINANCE CHARGES		
Interest- Term Loans	133.43	117.49
Interest-Other Loans	174.96	226.12
Others	177.18	171.70
TOTAL	485.57	515.31



NOTES TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule - 21

A. SIGNIFICANT ACCOUNTING POLICIES

1) **Basis of Preparation:** This consolidated financial statements of Sree Sakthi Paper Mills Ltd and its subsidiaries, have been prepared in accordance with Accounting standard 21 (AS 21), “ Consolidated Financial Statements” Issued by the Institute of Chartered Accountants of India.

2) **Basis of Accounting:**

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

3) **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.

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

7) **Foreign Currency Transactions:**

Expenditure in foreign currency is converted into Indian rupees at the rate of exchange prevailing on the date of transaction. 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 arising at the inception of forward contracts is recognized as expense or income over the period of contract. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expense of the year.

9) **Deferred tax/Income tax:**

Deferred tax is accounted for, by computing the tax effect of timing differences.

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

10) **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. Public issue expenses are written off over a period of 5 years from the year in which the proceeds are substantially utilized.

11) **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.

12) **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.

- 13) Impairment:** At each of the 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 accounts.
- 14)** Preliminary and Pre operative expenses are being written off over a period of five years from the year of commencement of commercial production.

B. NOTES ON ACCOUNTS

1) Managerial Remuneration (Rs. in Lakhs)

Particulars	2010-11	2009-10
Managing Director		
Salary	24.00	24.00
House Rent Allowance	11.40	11.40
Whole Time Director (Operations)		
Salary	18.00	13.50
House Rent Allowance	4.80	3.60
Total	58.20	52.50

2) Auditors Remuneration: (Rs. in lakhs)

Particulars	2010-11	2009-10
For Audit	5.12	4.12
For Tax audit	0.50	0.50
For Taxation matters	0.55	0.45
Out of pocket Expenses	0.24	0.46
Total	6.41	5.53

3) Deferred Tax Liability: (Rs in Lakhs)

Arising on account of timing difference in	Current Year	Up to 31.03.10	Total as on 31.03.11
Deferred Tax Liability			
Depreciation	70.13	763.92	834.05
Less: Deferred Tax Asset			
Provision for bad and doubtful debt	1.03	3.91	4.94
Provision for gratuity & leave encashments	3.25	25.16	28.41
	4.28	29.07	33.35
Net Deferred Tax Liability	65.85	734.85	800.70

- 4)** Sales are inclusive of Excise Duty & Cess.
- 5)** Balances of Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation.
- 6)** Previous year figures have been rearranged / regrouped wherever necessary.
- 7)** Assets, Loans and advances are in realizable state in the ordinary course of business.
- 8) Details of Donations paid to Political parties**

Amount in Rs.

Particulars	2010-11	2009-10
CPI (M)	20500	62500
CPI	25000	500
CONGRESS(I)	33000	5500
RSP(M)	500	
RSP(B)	800	500
BJP	500	
SHIV SENA	1000	
IUML	1850	
JSS	1600	
JANATHADAL	500	
CMP		1000
CONGRESS(S)		1000
KERALA CONGRESS		500
Total	85250	71500

- 9) Fixed deposits with following banks is subject to lien created to secure the LC/BG Limit sanctioned by them.**

(Rs.in Lakhs)

Name of Bank	2010-11	2009-10
Bank of India	32.92	31.78
Federal Bank Ltd.	152.88	109.38
IDBI Bank Ltd.	112.01	82.69
Federal Bank Ltd. (FD's of Subsidiary Companies)	38.00	38.00
TOTAL	335.81	261.85

- 10) Borrowing costs capitalized during this year – Rs. 17.54 Lakhs (Previous Year – Nil)**

11) Lease Transactions :

- a. 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 (Previous Year Nil)
- ii. Future interest embedded in i) Nil (Previous Year Nil)
- iii. Present value of lease payments (i-ii) Nil (Previous Year Nil)



Finance charges on lease payments amounting to Rs. NIL (Previous Year Rs. 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 31-03-2011 is as follows:

Payable within One year	NIL
Payable after one year but before five year	NIL

12) Secured Loans

- a) Term loans from State Bank of Travancore, Syndicate Bank Ltd and IDBI Bank Ltd are secured by *pari passu* first charge on the fixed assets and *pari passu* second charge on Current Assets of the Company except those assets otherwise specifically charged.
- b) Cash Credit Loan from Federal Bank Ltd, Bank of India and IDBI Bank Ltd. are secured by *pari passu* first charge on the entire inventories and receivables and further secured by *pari passu* second charge on the entire fixed assets of the Company.

13) Contingent Liabilities not provided for

- a) Unexpired Contracts for Capital Expenditure : Rs 546.42 Lakhs (Previous year Rs 83.84 Lakhs)
- b) Usance Letter of credit remaining unpaid as on 31.03.2011 amounts to Rs.2390.85 Lakhs (Previous years Rs.2034.36 Lakhs)
- c) Guarantee given by bank on behalf of the Company Rs.130.33 Lakhs(Previous year Rs. 124.60 Lakhs) and on behalf of subsidiary companies Rs 38 Lakhs (Previous Year Rs 38 Lakhs)
- d) Amount of Income tax liabilities disputed in appeal Rs 87.25 Lakhs (Previous year Rs.20.56 Lakhs)
- e) Additional claims of electricity charges disputed Rs.4.05 Lakhs(Previous year Rs 4.05 lakhs)
- f) Sales Tax demand disputed under appeal is Rs 15.48 Lakhs (Previous year Rs 27.76 lakhs)
- g) Excise duty disputed under appeal Rs 0.95 Lakhs (previous year Rs Nil)

14. Based on the information available with the Company as at the year-end, there are no balances due to undertaking defined under Micro, Small and Medium Enterprises development Act 2006

Particulars	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
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.	NIL	NIL
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

15. 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	31.3.2011	31.3.2010
Profit after tax (Rs. in Lakhs)	701.44	464.75
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	1,64,36,217	1,64,36,217
Nominal value of shares (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	4.27	2.83



- 16) Current market value of the quoted investments is Rs 40.42 Lakhs (Previous Year Rs.41.23 Lakhs)
- 17) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2011
- 18) **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

	Rs. in Lakhs	
	2010-11	2009-10
Employers Contribution to Provident Fund	19.83	19.05
Employers Contribution to Employee's State Insurance	18.84	18.50

- b. Defined benefit Plans- Gratuity:
- i. Actuarial Assumptions:

	As on 31.03.11	As on 31.03.10
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%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 (Years)	12.05	12.90

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

	Rs. in Lakhs	
Particulars	As on 31.03.11	As on 31.03.10
Present value of obligations at the beginning of the period	58.46	54.48
Interest Cost	4.29	3.99
Current Service Cost	5.60	5.15
Benefits paid	(5.05)	(4.92)
Actuarial (Gain)/Loss	3.84	(0.24)
Present value of obligations at the end of the period	67.14	58.46

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

	Rs. in Lakhs	
Particulars	As on 31.03.11	As on 31.03.10
Present value of obligations at the end of the period	67.14	58.46
Fair value of plan assets at end of the period	-	-
Funded Status	(67.14)	(58.46)
Unrecognised Actuarial (Gain)/Losses	-	-
Net Asst/Liability to be recognised in Balance Sheet	67.14	58.46

- iv. Expenses recognized in the Profit and Loss Account

	Rs. in Lakhs	
Particulars	As on 31.03.11	As on 31.03.10
Current Service Cost	5.60	5.15
Past Service Cost	-	-
Interest Cost	4.29	3.99
Expected Return on Plan Assets	-	-
Curtaiment Cost /(Credit)	-	-
Settlement Cost /(Credit)	-	-
Net Actuarial (Gain)/Loss recognised in the period	3.83	(0.24)
Expenses recognised in the statement of Profit and Loss Account	13.72	8.90



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 31.03.11	As on 31.03.10
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%p.a	7.00% p.a
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)	12.05	12.90

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

Rs. in Lakhs

Particulars	As on 31.03.11	As on 31.03.10
Present value of obligations at the beginning of the period	15.58	18.48
Interest Cost	1.60	1.81
Current Service Cost	14.49	14.76
Benefits paid	-	-
Actuarial (Gain)/Loss	(14.98)	(19.47)
Present value of obligations at the end of the period	16.69	15.58

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

Rs. in Lakhs

Particulars	As on 31.03.11	As on 31.03.10
Present value of obligations at the end of the period	16.69	15.58
Fair value of Plan Assets at the end of the period	0	0
Funded Status	(16.69)	(15.58)
Unrecognised Actuarial (Gain)/Losses	0	0
Net Asset/Liability to be recognised in Balance Sheet	16.69	15.58

iv. Expenses recognised in the Profit and Loss Account

Rs. in Lakhs

Particulars	As on 31.03.11	As on 31.03.10
Current Service Cost	14.49	14.76
Past Service Cost	0	0
Interest Cost	1.60	1.81
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	(14.98)	(19.47)
Expenses recognised in the statement of Profit and Loss Account	1.11	(2.90)

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



19) Details of Provisions Pursuant to Accounting Standard - 29 - Provisions, Contingent Liabilities and Contingent Assets (Rs.in Lakhs)

	Opening Balance		Provision made during the year		Utilized during the year		Closing Balance	
	01.04.10	01.04.09	10-11	09-10	10-11	09-10	31.03.11	31.03.10
Sundry Debtors	11.90	70.90	74.96	61	71.86	120	15.00	11.90
Income tax	117.45	62.73	286.54	117.45	124.76	62.73	279.23	117.45
Proposed Dividend	147.93	246.54	213.67	147.93	147.93	246.54	213.67	147.93
Corporate Dividend tax	22.85	41.90	57.33	22.85	44.69	41.90	35.49	22.85
Gratuity & Leave encashment	74.05	72.96	14.83	6.11	5.05	5.02	83.83	74.05

20) Details in respect of related parties pursuant to AS 18

Sl. No.	Name of Related Party	Nature of Relationship	Details of Transactions		
			Nature of Transaction	Amount (Rs. in lakhs)	
				2010-11	2009-10
1.	Mr. S. Raj Kumar	Key Management Personnel (Vice Chairman & Managing Director)	Remuneration and Allowances	35.40	35.40
			Rent	3.24	2.88
2.	Mrs. Rajee Rajkumar	Relative of Key Management Personnel	No Transaction	-	-
3.	Mr. S. Sivathanu Pillai		Sitting Fees	0.48	0.44
4.	Mrs. E. Kamalam		Sitting Fees	0.28	0.24
5.	Mr. S. Subramoniam		Sitting Fees	0.28	0.24
6.	Mr. S. Giridhar		Sitting fees	0.28	0.24
7.	Mr. A. Padmanabhan		Key Management Personnel (Whole time Director-Operations)	Remunerations and Allowances	22.80
			Rent	1.44	-
8.	Shri Kailash Logistics Ltd.	Enterprises over which any person mentioned in 1 to 7 above is able to exercise significant influence	Freight Charges	191.11	166.18
9.	Sree Sakthi Constructions and Infrastructure (P) Ltd.		Purchase of Fixed Asset (Car)	-	-
10.	Carto Packs		Purchase of Raw Material	117.05	98.90
			Sale of Finished Goods	168.63	145.10
11.	Sree Kailas Packagings		No Transactions	-	-
12.	Sree Ganapathy Packagings Pvt. Ltd.		No Transactions	-	-
13.	Synergy Homes Ltd.		Purchase of Raw Material	565.42	318.59
		Civil work	79.80	-	
		Sale of car	0.85	-	

Signatories to Schedules 1 to 21
Subject to our report of even date

For Balan & Co.
Chartered Accountants

Sd/-
A. Mohanan, B.Sc., FCA, DISA
Partner (M. No. 20627)
FRN: 000340S

Cochin-16
30-05-2011

Sd/-
Binu Alex V., ACS
Company Secretary

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

For and on behalf of the Board
Sd/-

S. Sivathanu Pillai, Chairman
Sd/-

A. S. Unni, Director
Sd/-

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

A. Padmanabhan
Whole Time Director-Operations

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

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

	2010-11 Rs. / Lakhs	2009-10 Rs. / Lakhs
A. Cash Flow from Operating activities		
Net profit Before Taxation	1,054.12	708.49
Adjustment for:		
MAT Credit	-	-
Provision for Depreciation	376.29	342.53
Interest on Borrowings	485.57	338.90
Interest Income	(30.85)	(29.80)
Dividend income	(2.93)	(1.59)
Preliminary Exp W/off	38.27	38.27
Loss on sale of Fixed Assets	0.55	0.60
	866.90	688.91
	<u>1,921.02</u>	<u>1,397.40</u>
Operating profit before working capital changes		
(Increase)/Decrease in Sundry Debtors	(587.43)	282.49
(Increase)/Decrease in Loans & Advances	(380.89)	32.37
(Increase)/Decrease in Inventories	(423.67)	87.25
Increase/(Decrease) in Sundry Creditors & Other liabilities	1162.40	(168.52)
	229.59	233.48
Cash from operations	1,691.43	1,630.88
Income tax paid	(178.52)	(103.80)
Net cash from operating activities	<u>1,512.91</u>	<u>1,527.08</u>
B. Cash flow from Investing Activities		
Purchase of Fixed assets	(844.71)	(406.26)
Capital Work-in-Progress	(84.37)	0.00
Sale of Fixed assets	6.87	9.45
Interest Income	30.85	29.80
Dividend received	2.93	1.59
Proceeds from Sale of Investments		
Net cash from Investing activities	<u>(888.43)</u>	<u>(365.42)</u>
C. Cash flow from Financing activities		
Proceeds from Long term Borrowings	783.64	50.00
Proceeds from Short term Borrowings	187.88	250.00
Repayment of Long term Borrowings	(326.88)	(299.69)
Repayment of Short term Borrowings	(429.78)	(324.16)
Minority Interest	0.13	0.00
Interest on borrowings	(485.57)	(336.16)
Dividend & Corporate Dividend Tax paid	(324.11)	(459.22)
Net Cash flow from Financing Activities	(594.69)	(1,118.74)
Net Increase/Decrease in Cash & Cash Equivalents	29.79	42.92
Cash & Cash Equivalents ason 31/3/10	363.45	320.53
Cash & Cash Equivalents ason 31/3/11	393.24	363.45

Subject to our report of even date

For Balan & Co.
Chartered AccountantsSd/-
A. Mohanan, B.Sc., FCA, DISA
Partner (M. No. 20627)
FRN: 000340SCochin-16
30-05-2011Sd/-
Binu Alex V., ACS
Company SecretarySd/-
Rajesh R., FCA
GM (Finance & Accounts)

For and on behalf of the Board

Sd/-
S. Sivathanu Pillai, Chairman
Sd/-
A. S. Unni, Director
Sd/-
S. Rajkumar
Vice Chairman & Managing Director
Sd/-
A. Padmanabhan
Whole Time Director-Operations

Information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956
CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

- a) Registration details
 - In respect of Holding Company

Registration Number L21012KL1991PLC006207
 State Code Number 09
 Balance Sheet date 31st March 2011

- In respect of Subsidiary Companies

Name	Jalashaayi Alamparathodu Hydro Power Limited	Sree Adisakthi Mukkuttathode Hydro Power Limited	Sree Kailas Palchuram Hydro Power Limited
Registration Number	U40100KL2008PLC022143	U40100KL2008PLC022144	U40100KL2008PLC022145
State Code Number	9	9	9
Balance Sheet date	31st March 2011	31st March 2011	31st March 2011

(Amount in Thousands)

- b) Capital raised during the year
- | | |
|-------------------|-----|
| Public Issue | Nil |
| Right Issue | Nil |
| Bonus Issue | Nil |
| Private Placement | Nil |
- c) Position of Mobilisation and Deployment of Funds
- | | |
|---------------------------|----------|
| Total Liabilities | 7,94,778 |
| Total Assets | 7,94,778 |
| Sources of funds | |
| Paid-up Capital | 1,64,362 |
| Reserves & Surplus | 2,31,044 |
| Secured Loans | 3,17,618 |
| Unsecured Loans | |
| Minority Interest | 1,684 |
| Deferred Tax | |
| Liability | 80,070 |
| Application of funds | |
| Net Fixed Assets | 5,28,821 |
| Capital WIP | 8,437 |
| Investments | 7,436 |
| Net Current Assets | 2,49,307 |
| Miscellaneous Expenditure | 777 |
- d) Performance of the Company
- | | |
|------------------------------------|-----------|
| Turn over (including other income) | 18,36,953 |
| Total Expenditure | 17,31,551 |
| Profit before Tax | 1,05,402 |
| Profit after Tax | 70,144 |
| Earnings per share(Rs) | 4.27 |
| Dividend rate percentage | 21 |

- e) Generic names of three principle products of the Company:

ITC Code No.	Description
1 6413	Kraft Paper from Non-Conventional raw materials like waste paper Kraft cuttings
2 48101209	Paper Board coated with china clay using Unconventional raw material

For and on behalf of the Board
Sd/-

S. Sivathanu Pillai, Chairman

Sd/-

A. S. Unni, Director

Sd/-

S. Rajkumar

Vice Chairman & Managing Director

Sd/-

A. Padmanabhan

Whole Time Director-Operations

Sd/-

Binu Alex V., ACS
Company Secretary

Sd/-

Rajesh R., FCA
GM (Finance & Accounts)

Cochin-16
30-05-2011



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 20th Annual General Meeting of the members of Sree Sakthi Paper Mills Limited held on 2nd September 2011 at 3.00 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



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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 20th Annual General Meeting of the Company to be held on 2nd September
2011 at 3.00 p.m. at Hotel Abad Plaza, M.G. Road, Ernakulam and at any adjournment thereof.

Signed this day of 2011

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.