

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their 28th Annual Report and the Audited Financial Statements of the Company for the year ended March 31, 2019.

### FINANCIAL PERFORMANCE

Brief Financial Highlights with comparison of previous financial year are as follows:

( Rs.

Lacs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Revenue from Operations	-	162.79
Other Income	393.34	993.68
Profit/loss before Depreciation,, Finance Costs, Exceptional Items and Tax Expense	63.56	919.73
Less:- Depreciation/ Amortisation/Impairment	216.45	161.07
Profit/loss before Finance Costs, Exceptional Items and Tax Expense	(152.89)	758.65
Less:- Finance Costs	8.16	213.97
Profit/loss before Exceptional Items and Tax Expense	(161.05)	544.69
Add/less;- Exceptional Items	323.98	(1584.50)
Profit/loss before Tax Expense	162.93	(1,039.82)
Less:- Tax Expense (Current & Deferred)	(27.78)	(272.39)
Profit/Loss for the year (1)	190.71	(767.43)
Total Comprehensive Income/Loss (2)	1.64	0.63
<b>Total (1+2)</b>	<b>192.35</b>	<b>(766.79)</b>

### OPERATIONAL PERFORMANCE

Company has leased warehouse space of 56,137 sq. ft during the current financial year and rental income for the same has been started generating from May 2019.

### DIVIDEND & RESERVES

As the Company is in the process of revival, your Directors decided not to recommend payment of dividend on the equity shares and Non-Convertible Cumulative Redeemable Preference Shares for the financial year under review. Your Company has not transferred any amount to reserves during the financial year under review.

### INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred Rs.113,712 (One Lakhs Thirteen Thousand Seven Hundred and Twelve), being the unpaid dividend amount pertaining to the financial year 2010-11, towards Investor Education and Protection Fund (IEPF) on expiry of seven years.

### INDUSTRIAL RELATIONS

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

### CHANGES IN NATURE OF BUSINESS

There has not been any change in the nature of business of the Company from the end of financial year (31.03.2019) till the date of report (30.08.2019).

### CHANGES IN SHARE CAPITAL DURING THE FINANCIAL YEAR, IF ANY

As on date of this report, the Authorized Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores Only) divided into 2,50,00,000 (Two Crores and Fifty lakhs) equity shares of Rs. 10/- (Rupees Ten only) each and 2,50,00,000 (Two Crores and Fifty lakhs) Preference Shares of Rs. 10/- (Rupees Ten only) each. The total Issued, Subscribed and Paid up Share Capital of the Company as on the date of the report is Rs. 28,20,12,170/- (Rupees Twenty Eight Crores Nine Lakhs Twelve Thousand One Hundred and Seventy Only) divided into 1,82,01,217 (One Crores Eighty Two Lakhs One Thousand Two Hundred and Seventeen) equity shares of Rs. 10/- (Rupees Ten only) each and 1,00,00,000 (One Crores) Preference shares of Rs. 10/- (Rupees Ten only) each. The Board of Directors, in their meeting held on August 30, 2019 has decided to recommend reclassification of the Authorised Share Capital into 3,80,00,000 (Three Crores and Eight Lakhs) equity shares of Rs. 10/- (Rupees Ten only) each and 1,20,00,000 (One Crores and Twenty Lakhs) Preference Shares of Rs. 10/- (Rupees Ten only) to the shareholders for their approval in the ensuing Annual General Meeting.

During the year under review, the Company has converted 9,05,000 (Nine Lakhs and Five Thousand) Convertible Equity Share Warrants allotted to Mr. S Rajkumar into 9,05,000 (Nine Lakhs and Five

Thousand) equity shares of Rs.10/- each at a premium of Rs.1 per share on June 12, 2018. Further, the Board of Directors, in their meeting held on August 30, 2019 has accorded their approval for the conversion of 9,50,000 (Nine Lakhs Fifty Thousand) Convertible Equity Share Warrants allotted to Mr. S Rajkumar into 9,50,000 (Nine Lakhs Fifty Thousand) equity shares of Rs.10/- each at a premium of Rs.1 per share and further recommended forfeiture of the balance 2,85,000 (Two Lakhs and Eighty Five Thousand) warrants allotted to Mr. S Rajkumar to the shareholders for their approval in the ensuing Annual General Meeting, as the tenure of the warrants will get expired by September 29, 2019

#### **MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE DATE OF BALANCE SHEET AND THE DATE OF REPORT**

Other than those disclosed in this report, there were no material changes/events occurred between financial year end date (31.03.2019) and date of the Board's report (30.08.2019).

#### **FINANCE**

##### **A). Deposits**

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

##### **B) Particulars of Loans, Guarantees or Investments**

The Company has neither rendered any loans or guarantee covered under 186 of the Companies Act, 2013 during the year under review nor has any outstanding loans or guarantee outstanding in its financial statements as on March 31, 2019. The Investments already made by the Company is given under Note 7A of the financial statements.

The Board has recommended its shareholders approval for rendering loans, giving guarantee or security or making investments upto Rs.100 Crores in excess of the limits specified under Section 186(2) of the Companies Act, 2013.

##### **C) Commitments**

The company has availed a short term loan amounting to Rs.250 lakhs from Andhra Bank during the financial year under review. All the repayment and interest commitments were met as per terms of arrangement with the Banks. This loan was closed during April 2019 out of the proceeds of loan against rent receivable received from Andhra Bank to the tune of Rs.764 lakhs.

During the financial year under review, the Company has obtained Unsecured loans from Directors to the extent of Rs.515.71 lakhs.

#### **INTERNAL CONTROL SYSTEM**

Your Company has adequate internal control and internal check system commensurate with size of the organization. Audit Committee periodically reviews the Internal Financial Control and Risk Assessment System of the Company. During the year, Internal Financial Controls were tested and no material weaknesses in the design or operating effectiveness were observed.

#### **BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board of the Company at March 31, 2019 consisted of 9 Directors and the Board Composition is as follows:- 3 Independent Directors, 1 Managing Director, 1 Additional Director, 3 Promoter Directors and 1 Non Executive Director. The detailed list of the Board of Directors is enclosed in the Corporate Governance Report. There has not been any change in the Board of Directors since March 31, 2019 till the date of report (30.08.2019).

#### **Changes in the composition of the Board**

During the financial year under review, Mr. Visakh Rajkumar (DIN: 07079475) was inducted as an Additional Director by the Board of Directors in their meeting held on February 13, 2019. Pursuant to Section 161 of the Companies Act, 2013, he holds office till the conclusion of the ensuing AGM and is eligible for appointment. His appointment is being proposed in the notice of the forthcoming AGM.

In accordance with the provisions of section 152(6) of the Act and the of Article 83 of the Articles of Association of the Company, Mrs Isakai Kamalam (DIN: 01791001) Director, retires by rotation at the ensuing Annual General Meeting (AGM), and being eligible, offers herself for re-appointment. The Board recommends her re-appointment. Further, pursuant to sub-regulation (1A) of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members by way of a Special Resolution is necessary for appointment/ continuation of appointment of any Non-Executive Director who has attained the age of 75 (Seventy Five) years. Mrs Isakai Kamalam (DIN: 01791001) has crossed 75 years of age. Hence the Board recommends her continuation as director to the shareholders of the Company in the ensuing Annual General Meeting.

The term of office of Mr. S Rajkumar as Managing Director has expired on August 12, 2019. The Board of

Directors of the Company, in their meeting held on August 30, 2019, has approved his appointment for a further period of 2 years from August 13, 2019 to August 12, 2021 based on the recommendations of the Nomination and Remuneration Committee. As approval of shareholders is needed for the same, the Board of Directors recommend the appointment of Mr. S Rajkumar as Managing Director to the shareholders for approval in the ensuing Annual General Meeting.

#### Declaration of independence

#### KEY MANAGERIAL PERSONNEL (KMP)

The details of the Key Managerial Personnel of the Company as on March 31, 2019 appointed pursuant to section to section 203 of the Companies Act, 2013 are as follows:-

Sl.No	Name	Designation	With effect from	To
1	Dr S.Rajkumar	Managing Director	13.08.2018	12.08.2019
2	Mr. R.Ponnambalam	Company Secretary	09-10-2013	NA
3	Mr. V.N. Sridharan	Chief Financial officer	12-11-2016	NA

#### NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met Four (4) times on June 12, 2018, which was adjourned on June 13, 2018, August 13, 2018, November 14, 2018 and February 13, 2019 during the financial year under review.

The provisions of Companies Act, 2013 and Listing Regulations were adhered to while considering the time gap of 120 days between two meetings.

#### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Regulations) Regulation 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committee. The manner in which the evaluation has been carried out has been explained in the Governance Report.

#### FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Company has practice of conducting familiarization program of the independent directors.

#### REMUNERATION TO DIRECTORS

The Remuneration paid to the Executive Directors and the Sitting Fees paid to the Non-Executive and Independent Directors are disclosed in the Extract to

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149 of the companies act 2013 and Regulation 16 of SEBI(LODR) Regulations, 2015, which have been relied on by Company and were placed at the Board meeting. In the opinion of the Board, the independent directors fulfill the necessary criteria for independence as stipulated under the statutes.

the Annual Return , MGT -9 (Annexure II ) to the Board's Report.

#### COMPENSATION STRUCTURE

(a) Remuneration to Non-Executive Directors:

The Non-executive Directors of the Company are paid remuneration by way of sitting fees only for attending the Meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-executive Directors for attending Meetings of Board of Directors, is Rs. 10,000/- per meeting and for Audit Committee is Rs.5,000/- per meeting. Besides the sitting fees, they are also entitled to reimbursement of expenses. The Non-Executive Directors of the Company are not paid any other remuneration or commission.

The sitting fees of the Non-Executive Directors for attending meetings of Board of Directors and the Committees of Board of Directors may be modified or implemented from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013.

(b) Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel (s) (SMPs):

- The remuneration/compensation/ commission etc. to the Managing Director/ Whole-Time Director, KMP and Senior Management Personnel will be

determined by the Committee and recommended to the Board for approval. The remuneration/compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required. The remuneration determined for MD/WTDS, KMPs and SMPs are subjected to the approval of the Board of Directors in due compliance of the provisions of Companies Act, 2013. The remuneration for the KMP and the SMP at the time of the appointment has to be approved by the Board.

- If in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / Whole-Time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- As a policy, the Executive Directors are neither paid sitting fee nor any commission.

#### **ROLE OF INDEPENDENT DIRECTORS**

The Committee shall, in consultation with the Independent Directors of the Company, prepare and submit this policy to the Board for its approval. The Independent Directors shall have power and authority to determine appropriate levels of remuneration of Executive Directors and Employees and have a prime role in appointing and where necessary recommend removal of Executive Directors and Employees.

The Independent Directors shall submit its recommendations/ proposals/ decisions to the Committee which the Committee shall consult and take to the Board of Directors.

#### **BOARD COMMITTEES**

Board Committees plays a vital role in improving the Board effectiveness in areas where more focused and discussions are required. Board has constituted the following Committees in accordance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and its compositions as on March 31, 2019 are as follows:

##### **(i) Audit Committee**

Mr. N Subramanian – Chairman  
Mr. G Raghavan – Member  
Mr. U.G.Bhat – Member

##### **(ii) Nomination and Remuneration Committee**

Mr. G Raghavan – Chairman  
Mr. N Subramanian – Member  
Mr. U.G.Bhat – Member

##### **(iii) Shareholders Relationship Committee**

Mr. U.G. Bhat – Chairman  
Mr. S. Rajkumar – Member

##### **(iv) Corporate Social Responsibility Committee**

Mr. S.Rajkumar-Chairman  
Mr. Akhilesh Agarwal-Member  
Mr. N Subramanian-Member

##### **(v) Risk Management Committee**

Mr. G Raghavan – Chairman  
Mr. U.G.Bhat – Member  
Mr. N Subramanian – Member

##### **(vi) Share Allotment /Transfer Committee**

Mr. S. Rajkumar-Chairman  
Mr. U.G.Bhat – Member  
Mr. N Subramanian – Member

##### **(vii) Machinery Disposal Committee**

Mr. S. Rajkumar-Chairman  
Mr. G Raghavan – Chairman  
Mr. N Subramanian – Member

The composition and the details of meetings of the committees held during the financial year 2018-19 is given in Corporate Governance Report.

#### **POLICIES**

All the policies as required under different statues are disclosed in the Company website, [www.sreekailas.com](http://www.sreekailas.com)

## REMUNERATION POLICY

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

## RISK MANAGEMENT POLICY

The Company has formulated a Risk Management Policy to identify, assess, monitor and mitigate various risks to the Company. Identified risks and the mitigation plans are discussed at the meetings of the Risk Management Committee and the Board of Directors of the Company.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Your Board has constituted a CSR Committee whose composition is already disclosed as above. The Company has been incurring losses for the past 3 consecutive years. Hence there is no requirement to spend under the CSR during the current year and hence the annual report on CSR activities is not annexed with this report.

## AUDITORS

At the AGM held on 29<sup>th</sup> December, 2017, M/s. KPR & Co. (FRN: 005326S), Chartered Accountants, Cochin, Kerala was appointed as the Statutory Auditors of the Company to hold office for a period of five years commencing from the conclusion of 26<sup>th</sup> Annual General Meeting till the conclusion of 31<sup>st</sup> Annual General Meeting subject to ratification by every members every year. However, the Companies (Amendment) Act 2017, has done away with the annual ratification of Directors and hence the same is not included in the AGM Notice.

The Company has received a letter from M/s. KPR & Co. (FRN: 005326S), Chartered Accountants, Cochin, Kerala to the effect that their appointment as Auditors, if made, would be within the limits under Section 141 of the Companies Act, 2013. Hence the Board recommends the fixation of the annual remuneration of Auditors for the financial year 2019-20 to the shareholders

## AUDITOR'S REPORT AND MANAGEMENT REPLY

The Auditors Report rendered by the Statutory Auditors for the financial year 2018-19 does not contain any qualification.

## SECRETARIAL AUDIT REPORT AND MANagements REPLY:

The Secretarial Audit Report rendered by M/s. Srividhya, Practicing Company Secretary forms part of

the report. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith marked as **Annexure V** to this Report. The remarks made by the Secretarial Auditor is being taken up by the management.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:-

The Company is in practice of following energy conservative techniques.

## FOREIGN EXCHANGE INFLOW & OUTFLOW

During the year under review, the Company has no foreign exchange inflows or outflows.

## CORPORATE GOVERNANCE

Your Company is committed to good corporate governance aligned with the best corporate practices. A separate Report on Corporate Governance in **Annexure-I** along with Auditor's Certificate on Compliance with the conditions of Corporate Governance is provided as a part of this Annual Report, besides the Management Discussion and Analysis.

## EXTRACT OF ANNUAL RETURN

Extract of Annual Return in Form MGT 9, of the Company is annexed as **Annexure II** to this Report.

## SUBSIDIARY COMPANIES

As of 31st March 2019, your Company has 3 subsidiaries viz. Sree Kailas Palchuram Hydro Power Limited, Sree Adisakthi Mukkuttathode Hydro Power Limited and Jalashaayi Alamparathode Hydro Power Limited by virtue of the Company having control on the Board of these companies. Steps are being initiated to implement the project with the assistance of Government / Private parties. Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of your Company's Subsidiaries in Form AOC-1 is annexed as **Annexure III**.

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.

## **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee for approval. Particulars of contract or arrangements with related parties are annexed in Form AOC 2 as **Annexure IV**.

## **WHISTLE BLOWER POLICY/ VIGIL MECHANISM**

In accordance with Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulation 2015, the Company has constituted a Whistle Blower Policy/ Vigil Mechanism to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed and to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The detail of the Whistle Blower Policy has been posted on the website of the Company.

## **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee ("ICC") has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

During the financial year 2018-19, there were no cases reported under Sexual Harassment of Women at Workplace (Prevention Prohibition and Redressal) Act, 2013.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under 134(3) (c) of the Companies Act, 2013, Directors report that:

1. In the preparation of the annual accounts for the financial year ended 31st March, 2019 the applicable accounting standards had been followed along with proper explanation relating to material departures. preventing and detecting fraud and other irregularities.
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 loss 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
4. The directors had prepared the Annual Accounts for the financial year ended 31st March, 2019 on a 'going concern' basis.
5. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## **ACKNOWLEDGEMENT**

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

Chennai – 17  
Date: 30/08/2019

**By and on behalf of the Board of Directors**

Sd/-	Sd/-
<b>S.Rajkumar</b>	<b>N.Subramanian</b>
<b>Managing Director</b>	<b>Director</b>