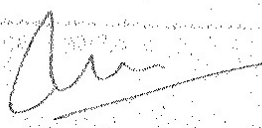
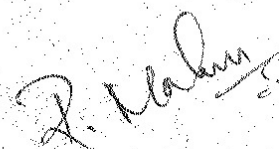




FORM A
Format of covering letter of the Annual Audit report to be filed with
The Stock Exchanges

1	Name of the company	Shree Karthik Papers Limited	
2	Annual financial statements for the year ended	30th June 2013	
3	Type of Audit observation	No qualification	
4	Frequency of observation	Whether appeared first time	repetitive/
		Since how long period	
		Nil	
5	To be signed by		
	CEO/Managing Director		
	CFO/DGM (F)		
	Auditor of the company		
	Audit Committee Chairman		

SHREE KARTHIK PAPERS LIMITED

BOARD OF DIRECTORS

Sri M.S. Velu
Chairman & Managing Director
Smt. S.S. Velu
Sri K. Arumugam
Sri P. Kanagavadivelu
Sri P.C. Narendran
Sri Vignesh Velu
Directors

AUDITORS

M/s. Giri & Co.
Chartered Accountants,
Coimbatore

REGISTERED OFFICE

25, 50 Ft Road
Krishnasamy Nagar
Ramanthapuram
Coimbatore-6410 45

REGISTRAR AND SHARE TRANSFER AGENTS

S.K.D.C. Consultants Limited
Kanapathy Towers, IIIrd Floor
1391/A-1 Sathy Road, Ganapathy
Coimbatore-641006

LISTED STOCK EXCHANGE

BSE Limited (Bombay Stock Exchange Limited)
Floor 25, P.J. Towers, Dalal Street
Mumbai-400 001

BANKERS

Indian Bank
Karur Vysya Bank Ltd.

SHREE KARTHIK PAPERS LIMITED

NOTICE

NOTICE is hereby given that the TWENTY SECOND Annual General Meeting of the Members of SHREE KARTHIK PAPERS LIMITED will be held at Coimbatore - 641 045 on Monday, 30th December 2013 at 3.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2013 and the Profit and Loss Account for the year ending 30th June 2013, together with the Reports of the Directors and the Auditors' Report thereon
2. To appoint a Director in place of Sri. M.S. Velu, Director who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Smt. S.S.Velu, Director who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board

Place : Coimbatore

M.S. Velu

Date : 21.08.2013

Chairman and Managing Director

NOTES FOR THE MEMBERS' ATTENTION

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The instrument appointing proxy should however be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the company will remain closed from 24th December 2013 to 30th December 2013 (both days inclusive)
3. Members are requested to notify change of address, if any, with Pin Code quoting reference to their folio number immediately to the Registrar.
4. Shareholders are requested to note that the Company's Registrars and Share Transfer Agents for physical shares are M/s SKDC Consultants Limited (SKDC), Ganapathy Towers 3rd Floor, 1391/1 Sathy Road, Ganapathy, Coimbatore - 641 006.
5. Re-appointment of Directors

At the ensuing Annual General Meeting, Sri. M.S. Velu and Smt. S.S. Velu retire by rotation and being eligible, offer for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report. By Order of the Board

By Order of the Board

Place : Coimbatore

M.S. Velu

Date : 21.08.2013

Chairman and Managing Director

SHREE KARTHIK PAPERS LIMITED

Details of Director seeking appointment/re-appointment in the forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)

Name	Sri. M.S. Velu	Smt. S.S. Velu
Date of Birth	01.02.1943	15.07.1950
Date of Appointment	18.12.1991	18.12.1991
Expertise in functional areas	General Management	General Management
No. of shares held	9719120	4256580
List of Directorships held in other Companies	Shree Ganesh Gears Pvt. Ltd	Shree Ganesh Gears Pvt. Ltd

SHREE KARTHIK PAPERS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your company take pleasure in presenting you the Twenty Second Annual Report and the Audited Accounts for the year ended 30th June 2013.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	30.06.2013	30.06.2012
Gross Income	3016.75	2145.17
Profit before Interest and Depreciation	225.95	292.21
Financial Charges	139.12	204.43
Profit/(Loss) before Depreciation	86.82	87.78
Profit/(Loss) after Depreciation	48.22	47.94
Prior period adjustments-Expenses	—	—
Provision for Fringe Benefit Tax	—	—
Deferred Tax	7.31	10.23
Net Profit / (Loss)	40.91	37.70

DIVIDEND

The Board of Directors do not recommend to pay a Dividend for the year ended 30th June 2013 in view of the accumulated losses.

FUTURE OUTLOOK:

The Paper Industry is going through a difficult phase due to the following reasons.

1. Newsprint is being imported at 'Nil' duty at very low rates due to dumping by foreign manufacturers and this has depressed the demand and prices of newsprint manufactured by Indian paper mills, thereby also affecting the demand of writing and printing paper as newsprint capacities are being diverted to writing and printing paper manufacture.
2. The installed capacity for writing and printing paper has increased significantly in the last 3 years thereby affecting the demand as well as prices of the paper manufactured by your company and similar waste paper based manufacturing units.

This trend is expected to continue in the next year also.

DIRECTORS

The following Directors are due to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

1. Sri M.S.Velu
2. Smt. S.S.Velu

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO

The required details in accordance with Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Directors) Rules 1988 are given in Annexure-1 forming part of the report.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956, your Directors wish to confirm that –

SHREE KARTHIK PAPERS LIMITED

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed.
- ii. The Accounting Policies adopted are consistently followed and the judgments and estimates made are 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/(Loss) of the Company for the year.
- iii. The Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of this Act in safeguarding the assets of the Company and for preventing/detecting any incidence of frauds and other irregularities.
- iv. The Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company has adopted appropriate standards for good Corporate Governance. All the mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchanges, with which the Company is listed, are complied with. Report on Corporate Governance with Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchanges forms part of the Annual Report.

In terms of sub-clause (v) of Clause 49 of Listing Agreement, certificate of the CEO, *inter alia*, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause is also annexed as part of the said Report. A certificate from the auditors to this effect is annexed as part of the Corporate Governance Report.

AUDITORS

The Statutory Auditors of the Company, Messrs. Giri & Co, Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed.

LISTING PARTICULARS

The Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd., Mumbai. The company has paid the listing fees to Bombay Stock Exchange up to 2013-14.

PARTICULARS OF EMPLOYEES

None of the employees of the company was in receipt of remuneration in excess of the limits prescribed under section 217(2)(A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended.

EMPLOYEE RELATIONS

The Directors would like to place on record the cordial relations enjoyed with the employees by the company.

ACKNOWLEDGEMENTS

Your Directors record with a deep sense of gratitude to the bankers for the excellent support and cooperation rendered by them to the company. Your Directors are thankful to its valuable customers, esteemed stakeholders and business associates for their continued support and the confidence reposed in the Company and its Management.

For and on behalf of the
Board of Directors

Place : Coimbatore
Date : 21.08.2013

M.S. Velu
Chairman and
Managing Director

SHREE KARTHIK PAPERS LIMITED

ANNEXURE

INFORMATION PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988, FORMING PART OF THE REPORT OF THE DIRECTORS

The Company is implementing adequate measures for reduction of consumption of energy. Total energy consumption and consumption per unit of production in Form A

CONSERVATION OF ENERGY

For the years ended on 31 st March		30.06.2013	30.06.2012
A Power and Fuel Consumption			
1	Electricity		
A	Purchased KWHr	5828808	5080478
	Total amount Rs.	3,06,47,460	1,98,33,395
	Rate per Unit Rs.P.	5.50	3.90
B	Generation for captive usage KWHr		
	Through Diesel/Generator	Nil	Nil
	Through Steam/Generator	Nil	Nil
2	Fuel	Nil	Nil
3	Furnace Oil	Nil	Nil
4	Others: DOB and Saw Dust		
	Quantity (in tones)	8915.53	8083.18
	Amount (Rs.)	1,88,61,871	1,58,06,822
5	Consumption per unit of Production		
A	Electricity units per ton	509.97	584.00
B	Others DOB units per ton	0.78	0.92

B Technology Absorption

Indigenous and upgraded technology alone are used

C Foreign Exchange Earnings and Outgo

A	Steps are being taken to explore the possibility of exporting of writing and printing papers.		
B	Total Foreign Exchange earned and used excluding capital goods Component and spares.	Earned Used	Nil Nil

SHREE KARTHIK PAPERS LIMITED

ANNEXURE 1

Management's Discussion and Analysis

1. Industry Structure and Developments:

Paper Industry is one among the high priority industries. The five year plan period (2012-2017) concentrates on accelerating growth for Paper Industry. The continuous demand for increase in paper will require a considerable increase in supply from indigenous producers. Out of total paper mills in India, two thirds of the Mills use waste paper, agricultural wastes like straw dust, as their primary fiber source. The non availability of natural resources will automatically increase the demand of product from industries using Recycled/waste paper as their raw material.

2. Opportunities and Threats

The growth rate of recycled paper industry is assumed to increase by 10% per year. There are good growth opportunities and increase in demand. The excise duty has increased from Nil duty to 6.18% and this is one of the major burden on the industry. The major raw materials procurement for Mills using waste paper industry is from unorganized sector. This accounts for around 95% of total raw material procurement. This affects continuous supply of raw material to the industry.

3. Outlook

The trend in consumption of papers and notebooks and eco friendly papers is increasing continuously. It will result in good demand for the industrial product.

4. Risks and concerns

- a. Non availability of raw materials in a continuous manner
- b. Frequent power cuts and power fluctuation
- c. Expansion of production capacity requires heavy capital investment

5. Internal Control

Internal Control systems are designed to provide adequate financial control and accounting control and to implement accounting standards.

6. Material Development in Human Resources/ Industrial Relations Front including number of employees employed

Cordial industrial relations have been maintained in the company. The company had 61 number of employees as on June 2013.

7. Caution

The views and statements expressed or implied in the Management's Discussions and Analysis are based on available information, experience and our own assessment. They are subject to alterations. The Company's actual performance may differ due to National or International economic conditions, Governmental Regulations, Policies, Tax Laws and other environmental factors over which the company does not have any control.

SHREE KARTHIK PAPERS LIMITED

ANNEXURE 2

REPORT ON CORPORATE GOVERNANCE

Your Company reports total compliance of the mandatory provisions of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges. Furnished below is a Report on the implementation thereof.

A. Mandatory Requirements

I. Company's Philosophy On Code Of Corporate Governance

Your Company firmly believes in good Corporate Governance and envisages the attainment of transparency in all matters of Management of the Company and in reporting to the shareholders and all others concerned.

Your Company has complied with the requirements of the Corporate Governance Code, the disclosure requirements of which are given below:

II. Board Of Directors

a. Board Meetings

The Board meets at least once every quarter to review the quarterly results and where expediency demands, additional meetings are held. The Board is apprised and informed of all the important information relating to the business of the company including those listed in Annexure-1A of Clause 49 of the Listing Agreement.

b. Number of Board meetings held during the year

Four Board Meetings were held during the year 2012-13 and the gap between two consecutive meetings did not exceed four months. The dates on which the Board Meetings held were 02.08.2012, 30.10.2012, 30.01.2013, 30.04.2013.

c. Directors attendance record at the Board Meetings and the last AGM

Name of Director	Category	No. of Board Meetings attended	Attended at the last AGM
Sri M.S. Velu	Chairman & Managing Director	4	Present
Smt. S.S. Velu	Director	4	Present
Sri K. Arumugam	Non Executive Independent Director	4	Present
Sri P.Kanagavadivelu	Non Executive Independent Director	4	Present
Sri P.C. Narendran	Non Executive Independent Director	4	Present
Sri Vignesh Velu	Director	4	Present

d. Number of other Companies or Committees the Director of the Company is a Director/Member Chairman

Name of Director	No. of Directorship in Other companies	
	Chairman	Member
Sri M.S. Velu	1	
Smt. S.S. Velu	Nil	1
Sri K. Arumugam	Nil	Nil
Sri P. Kanagavadivelu	Nil	Nil
Sri P.C. Narendran	Nil	Nil
Sri Vignesh Velu	Nil	1

SHREE KARTHIK PAPERS LIMITED

The Company did not have any pecuniary relationship with any of the Non-Executive Directors during the year 2012-13.

e. **Information supplied to the Board**

Among others, information supplied includes

- A. review of annual operating plans of business, capital budgets
- B. quarterly results of the company and its operating divisions or business segments.
- C. minutes of meeting of audit committee and other committees
- D. materially important show cause, demand, prosecution and penalty notices
- E. fatal or serious accidents or dangerous occurrences
- F. any materially significant problems
- G. non compliance of any regulatory or statutory provision or listing requirements as well as share holder services
- H. details of any joint venture or collaboration agreement
- I. transactions that involve substantial payment towards goodwill, brand equity or intellectual property

III. COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee comprises of Sri K. Arumugam as its Chairman and Sri P. Kanagavadivelu and Sri P.C. Narendran as Members.

The Audit Committee is responsible for reviewing a wide range of financial matters including the quarterly and annual accounts before their submission to the Board and monitoring the controls that are in force to ensure the integrity of the financial information reported to the shareholders. The Audit Committee advises the Board on the appointment of external and internal auditors and on their remuneration, both for audit and non-audit work, and discusses the nature and scope of their audit. The committee is also responsible for implementing the recommendations of the Board arising from its review of the internal control and risk assessment report. The terms of reference to the Audit Committee include the areas specified under Sub-clauses D & E of Clause 49 II and Disclosures under Clause 49IV(A) of the Listing Agreement. The Audit Committee has been granted powers as prescribed under Clause 49II(C) Thus, the terms of reference of the Audit Committee are wide enough to cover matters specified below:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

SHREE KARTHIK PAPERS LIMITED

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee met 4 times during the year 2012-13 on 02.08.2012, 30.10.2012, 30.01.2013, 30.04.2013.

The Company has complied with the requirements of Clause 49II A as regards the composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Names of Members	Category	Number of meetings attended
Sri K.Arumugam	Independent, Non-Executive	4
Sri P.Kangavadivelu	Independent, Non-Executive	4
Sri P.C. Narendran	Non-Independent, Executive	4

Investors' Grievances Committee

The Investors' Grievance Committee is constituted to address and redress investors' complaints such as transfer of shares, non-receipt of annual accounts, non-receipt of dividend warrants and to ensure expeditious share transfer process. The Committee comprises of Sri K. Arumugam as the Chairman, Sri M.S. Velu and Smt. S.S.Velu. as its Members. The Director Mr.Vignesh Velu acts as the Secretary of the Committee.

SHREE KARTHIK PAPERS LIMITED

The Committee met 4 times during the year 2012-13 on

No investor grievance remained unattended/ pending for more than 15 days and no request for share transfers and dematerialization received during the financial year was pending for more than 15 days.

The composition of the Investors' Grievance Committee and details of the meetings attended by the Directors are as under:-

Names of Members	Category	Number of meetings attended
Sri K. Arumugam Committee Chairman	Independent, Non-Executive	4
Sri M.S. Velu	Non-Independent, Non-Executive	4
Smt.S.S.Velu	Non-Independent, Non-Executive	4

Remuneration Committee

The Remuneration Committee is a non-mandatory requirement.

The Remuneration Committee comprises three non-executive Directors. The Remuneration Committee consists of Three Directors viz. Sri K.Arumugam, Sri P.Kanagavadivelu and Sri P.C. Narendran. The Committee is responsible for recommending the contract terms, remuneration and other benefits for Company's Managing/Whole-time Directors.

Remuneration Policy

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) to Whole-time Directors. Salary is paid within the range approved by the shareholders. Effective 1st April each year, annual increments as recommended by the Remuneration Committee, are approved by the Board of Directors.

Remuneration of Directors, Sitting fees, salary, perquisites

Remuneration payable to the managerial personnel is approved by the members at the General Meeting of the Company. Remuneration consists of a fixed salary, perquisites, contribution to Provident Fund. Commission is calculated on the net profits of the company.

The Board of Directors decides the remuneration of Non-Executive Directors which is presently. Nil

V. MANAGEMENT

a. Management Discussion and Analysis

The Directors' Report includes details of Management Discussion and Analysis of business of the company. As required under Clause 49(V) of the Listing Agreement, the CEO Certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting is enclosed to this Report.

b. Disclosures by the Management to the Board

All details relating to financial and commercial transactions where Directors may have pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor do they vote on such matters.

SHREE KARTHIK PAPERS LIMITED

VI. GENERAL BODY MEETINGS

General Body Meetings during last three years

Financial Year	Date	Time	Venue
2009-10	20.12.2010	3.00 P.M.	Sree Annapoorna Kalaiarangam, R.S. Puram, Coimbatore
2010-11	26.12.2011	3.30 P.M.	Sree Annapoorna Kalaiarangam, R.S. Puram, Coimbatore
2011-12	31.12.2012	3.00 P.M.	Sree Annapoorna Kalaiarangam, R.S. Puram, Coimbatore

VII Disclosures

There are no materially significant party transactions that would have potential conflict with interests of the company at large.

VIII. Means of Communication

The Company is publishing quarterly un-audited financial results in Trinity Mirror (English and Makkal Kural (Tamil) regularly.

IX. The Profile of Directors retiring by rotation eligible for re-appointment

1. Sri M.S. Velu

Has a degree with Honours in Electrical Engineering and has over 40 years experience in the industry.

2. Smt. S.S.Velu

Has a degree in Science and has over 30 years experience in the industry.

X. General Shareholders' Information

Annual General Meeting:

Date of Book Closure	: 24.12.2013 to 30.12.2013 (both days inclusive)
Day & Date	: 30 th December 2013
Time	: 3:00 P.M.
Venue	: Sree Annapoorna Kalai Arangam, 75 East Arokiasamy Road, R.S.Puram, Coimbatore-641002
Listing on Stock Exchanges	: The Company is listed on Bombay Stock Exchange Ltd., and the Coimbatore Stock Exchange Ltd. ceased to be a Recognized Stock Exchange as per SEBI order WTM/RKA/MRD/12/2013 dated 03.04.2013. The annual listing fee has been paid and there is no outstanding payment towards the Exchanges, as on date.
Stock Code	Bombay Stock Exchange Ltd. – 516106

Financial Calendar (tentative)

First Quarter Results:	Fourth week of October, 2013
Second Quarter/Half-Yearly Results:	Fourth week of January, 2014
Third Quarter Results:	Fourth week of April 2014
Annual Audited Results:	Fourth week of August 2014.

SHREE KARTHIK PAPERS LIMITED

XI. Registrar and Transfer Agents

M/s. S.K.D.C. Consultants Limited

Kanapathy Towers 3rd Floor, 139/1A-1 Sathy Road, Ganapathy, Coimbatore 641 006, Tamilnadu

Phones:(0422)2539835, Fax:(0422) 2539837 Email address: info@skdc-consultants.com

XII. Share transfer system

The Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are in order. The share transfers are approved by the Share Transfer Committee.

XIII. Shareholding Pattern as on 30th June 2013

Description of Investors	Number of shares held	Percentage of holding
Promoters	15341700	80.28
Mutual Funds, Banks, Financial Institutions & Insurance Companies	1047800	5.48
Foreign Institutional Investors	95100	0.50
NRI and OCBs		
Private Corporate Bodies	477700	2.50
Indian Public	2147700	11.24
Total	19110000	100.00

XIV. Distribution of Shareholding as on 30.06.2013

In Value	No. of share holders	%	Amount	%
Upto 5000	5536	96.41	4580000	4.79
5001 - 10000	69	1.20	542000	0.57
10001 - 20000	48	0.84	694000	0.73
20001 - 30000	38	0.66	966500	1.01
30001 - 40000	12	0.21	421500	0.44
40001 - 50000	11	0.19	526000	0.55
50001 - 100000	9	0.16	692000	0.72
100001 and above	19	0.33	87128000	91.19
Total	5742	100.00	95550000	100.00

Xv. Plant Location

Puliyangandi Aliyar Nagar

Kottur Village

Pollachi Taluk

XVI Address for Correspondence

No.25, 50 Ft Road

Krishnasamy Nagar

Ramanathapuram

Coimbatore-641045

SHREE KARTHIK PAPERS LIMITED

Declaration by the CEO under Clause 49 of the Listing Agreement

As per the revised clause 49 of the Listing Agreement with the Stock Exchange, the Board of Directors of the Company has laid down the code of conduct for the Directors and the senior management personnel. The Annual Report of the Company shall contain a declaration to this effect signed by CEO of the company.

I hereby declare that

1. Code of conduct adopted by the Board was circulated to the members of the Board and senior management personnel of the company.
2. All members of the Board and Senior Management Personnel of the company have complied with all provisions of the code of conduct.

Place : Coimbatore

Date : 21.08.2013

For and on behalf of the Board

M.S. Velu

Chairman & Managing Director & CEO

Certificate of Compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement

AUDITORS' CERTIFICATE

The Members of
M/s. Shree Karthik Papers Limited
Coimbatore

We have reviewed the implementation of Corporate Governance procedures by M/s. Shree Karthik Papers Limited (the company) during the year ended 30th June 2013 with the relevant records and documents maintained by the company, furnished to us for our review and the report of Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company in ensuring the compliance of conditions of Corporate Governance as stipulated in the above mentioned Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

Based on such a review, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance 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 Giri & Co.
Chartered Accountants

R. Giri

Partner

Place : Coimbatore

Date : 21.08.2013

Membership Number : 25458

SHREE KARTHIK PAPERS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of

M/s. SHREE KARTHIK PAPERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **M/S. SHREE KARTHIK PAPERS LIMITED** ("the company"), which comprise the Balance Sheet as at June 30, 2013, and the statement of Profit and Loss and cash flow statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

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

Auditor's Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance sheet, of the state of affairs of the Company as at June 30, 2013;
- (b) in the case of the Profit and loss Account, of the loss for the year ended on that date
- (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

SHREE KARTHIK PAPERS LIMITED

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 so far as appears from our examination of those books
 - c) The Balance Sheet and statement of Profit and loss dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the Balance Sheet and Statement of Profit and Loss 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 as on June 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on Behalf of

M/s. Giri & Co.,

Chartered Accountants

F.R.No. 006702S

(R. Giri BCom FCA FICWA BL)

Senior Partner

M.No 025458

Place : Coimbatore

Date : 21.08.2013

SHREE KARTHIK PAPERS LIMITED

ANNEXURE TO THE AUDITORS' REPORT

(Referred to our report of even date)

1. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and discrepancies (if any) noticed on verification during the year have been properly adjusted in the books of accounts.
3. The company has not disposed off substantial part of fixed assets during the year.
4. As per the information and explanations given to us, inventories have been physically verified at reasonable interval during the year by the Management.
5. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
6. a) The Company has taken unsecured loan from to other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b) The company has taken loans from the parties covered in the register maintained u/s 301 of the Companies Act, 1956.

During the year the company has financial transactions with the Directors as detailed below:

Name of the Directors	Balance as on 01.07.2012	Balance as on 30.06.2013
M.S. Velu Managing Director	Rs.11,49,55,091/-	Rs.11,12,63,140/-
S.S. Velu Director	Rs.87,56,908/-	Rs.81,58,007/-
Vignesh Velu Executive Director	Rs.23,54,457/-	Rs.33,71,898/-

7. In our opinion the rate of interest and other terms and conditions of loans taken/ granted by the company, secured or unsecured from the parties listed in the register maintained u/s 301 of the Companies Act 1956, are prima facie not prejudicial to the interest of the company.
8. In respect of loans and advances, the payment of principal amount and interest has been made as per the revised repayment schedule approved by the CDR.
9. According to the information and explanations given to us, there is adequate internal control procedures commensurate with the size of the company and the nature of it's business, for the purchase of inventories and fixed asset and with regard to sale of goods and services. In our opinion, the internal control is required to be further strengthened.
10. As per the information and explanation given to us, the transactions that need to be entered have been entered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, those transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

SHREE KARTHIK PAPERS LIMITED

11. According to the information and explanations given to us the company has not accepted deposits from the public.
12. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
13. According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues outstanding as at 31 March, 2013 for a period of more than six months from the date they became payable.
14. According to the information and explanation given to us, the following dues have not been deposited on account of disputes. The company is confident of getting these claim quashed as the demands have been raised only on technical grounds.

Sl. No.	Name of the Statute	Nature of Dues	Forum where dispute pending	Amount Rs.
a.	Sales Tax 1995-1996	Penalty	Sales Tax Appellate. Tribunal (AB) (Appeal pending)	2,21,858
b.	1999-2000 (CST)	Tax Penalty	The Appellate Asst. Commissioner(Ct.)Cbe., (Appeal pending)	15,88,951 17,99,951
c.	2000-2001 (CST)	Tax Penalty	The Appellate Asst. Commissioner(Ct.) Cbe., (Appeal pending)	27,61,182 29,43,768
d.	2003-2004 (CST)	Tax	Sales Tax Appellate Tribunal (AB) (Appeal pending)	4,44,575
e.	2004-2005 (CST)	Tax Penalty	The Appellate Asst. Commissioner(Ct.)Cbe., (Appeal pending)	15,25,088 16,02,309
f.	2004-2005 (TNGST)	Tax Penalty	The Appellate Asst. Commissioner(Ct.)Cbe., (Appeal pending)	1,17,030 58,515

15. The Company has accumulated losses. The company has not incurred cash loss in the current year covered under this report and the company has not incurred cash loss in the financial year immediately preceding the current financial year.
- 16 According to the information and explanation given to us, the company has not defaulted in the repayment of dues to any financial institution or bank or debenture holders in accordance with the terms and conditions of the CDR approval for debt restructuring.

SHREE KARTHIK PAPERS LIMITED

17. According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
18. According to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
19. The company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
20. Fund raised on short- term basis has not been used for long-term investment.
21. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies' Act 1956.
22. The company has not created securities in respect of debentures issued.
23. The company has not raised money by public issue during the year.
24. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For and on Behalf of

M/s. Giri & Co.,

Chartered Accountants

F.R.No. 006702S

(R. Giri BCom FCA FICWA BL)

Place : Coimbatore

Date : 21.08.2013

Senior Partner

M.No 025458

SHREE KARTHIK PAPERS LIMITED

BALANCE SHEET

Amt in Rs.

Particulars	Note	As at 30.06.2013	As at 30.06.2012
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUND			
Share Capital	2.1	95,550,000	95,550,000
Reserves & Surplus	2.2	(19,203,065)	(23,294,009)
NON CURRENT LIABILITIES			
Long Term Borrowings	2.3	24,652,845	24,886,712
Deferred Tax Liabilities (Net)	2.4	4,289,425	3,558,865
CURRENT LIABILITIES			
Short Term Borrowings	2.5	122,793,136	126,066,456
Short Term Provisions	2.8	1,343,698	1,205,887
Trade Payables	2.6	8,347,521	10,073,702
Other Current Liabilities	2.7	4,390,038	5,483,888
TOTAL		242,163,598	243,531,501
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	2.9	106,118,660	108,429,667
Deferred Tax Assets(Net)	2.4	-	-
Long-Term loans and advances	2.11	10,942,340	9,557,493
Other Non current Assets	2.10	8,500	8,500
CURRENT ASSETS			
Inventories	2.12	86,690,033	94,332,473
Trade Receivables	2.13	32,185,065	24,741,268
Cash and Cash equivalents	2.14	1,190,647	1,367,871
Short Term Loans and Advances	2.15	5,028,353	5,094,229
TOTAL		242,163,598	243,531,501
Significant Accounting Policies and Notes on accounts	1&2		

(Sd./-) **M.S. VELU**
Chairman and Managing Director

(Sd./-) **Mrs. S.S VELU**
Director

For **Giri & Co.,**
Chartered Accountants
F.R.No. 006702S

R. GIRI
Senior Partner
M.No 025458

Place : Coimbatore
Date : 21.08.2013

SHREE KARTHIK PAPERS LIMITED

STATEMENT OF PROFIT AND LOSS

		Amt in Rs.	
Particulars	Note	Year ended 30.06.2013	Year ended 30.06.2012
INCOME			
Revenue from Operations	2.16	301,675,041	214,517,642
Other Income	2.17	989,735	1,018,661
Total Revenue		302,664,776	215,536,303
EXPENSES			
Cost of material consumed	2.18	200,574,443	127,747,515
Changes in Inventories of Finished Goods, WIP & Stock - in - Trade	2.19	(8,966,133)	(12,961,882)
Employee Benefits Expenses	2.20	11,211,472	11,630,356
Other Expenses	2.22	77,249,859	59,899,260
Total Expenses		280,069,641	186,315,248
Profit before Finance costs, Depreciation and Amortisation Expenses		22,595,135	29,221,055
Finance Costs	2.21	13,912,335	20,443,301
Profit before Depreciation and Amortisation Expenses		8,682,800	8,777,754
Depreciation and amortisation expenses	2.9	3,861,296	3,984,105
PROFIT BEFORE TAX		4,821,504	4,793,649
Tax expense:			
Current tax		-	-
Deferred tax (Net)		730,560	1,023,802
PROFIT FOR THE PERIOD		4,090,944	3,769,847
EARNINGS PER EQUITY SHARE			
Equity shares of par value ₹ 10/-each			
Basic		0.21	0.20
Diluted		0.21	0.20
Number of shares used in computing earnings per share			
Basic		19,110,000	19,110,000
Diluted		19,110,000	19,110,000
Significant Accounting Policies and Notes on accounts	1&2		

(Sd./-) **M.S. VELU**
Chairman and Managing Director

(Sd./-) **Mrs. S.S VELU**
Director

For **Giri & Co.,**
Chartered Accountants
F.R.No. 006702S

R. GIRI

Senior Partner
M.No 025458

Place : Coimbatore
Date : 21.08.2013

SHREE KARTHIK PAPERS LIMITED

2. NOTES ON ACCOUNTS

The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current presentation.

2.1 - SHARE CAPITAL

Particulars	Amt in Rs.	
	As at June 30, 2013	As at June 30, 2012
AUTHORISED		
2,00,00,000 Equity Shares of Rs.5/- each	100,000,000	100,000,000
ISSUED, SUBSCRIBED AND PAID UP		
1,91,10,000 Equity Shares of Rs.5/- each fully paid up.		
The Capital includes 10,00,000 Equity Shares of Rs.5/- each issued to IDBI in lieu of payment of interest to IDBI as per BIFR order dated 07.02.2007. The value of the shares are reduced by 50% as per the order of the BIFR dated 07.02.2007	95,550,000	95,550,000

DETAILS OF SHARE HOLDING MORE THAN 5% AS ON BALANCESHEET DATE:-

Name of the Share Holder	No. of Equity Shares	% of Holding
M.S Velu	10,819,120	56.61%
Selvambal	4,256,580	22.27%
Industrial Development Bank of India	1,000,000	5.23%

RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING:

Particulars	As at June 30, 2013	As at June 30, 2012
Number of Shares at the beginning	19,110,000	19,110,000
Add / (Less) : Share issued / Transfer	-	-
Number of Shares at the end	19,110,000	19,110,000

2.2 - RESERVES & SURPLUS

PROFIT & LOSS ACCOUNT

Opening Balance	(24,674,009)	(28,443,856)
Add: Current Year Profit transferred from Profit & Loss Account	4,090,944	3,769,847
Amount available for Appropriations	(20,583,065)	(24,674,009)
Less: Appropriations	-	-
Closing Balance	(20,583,065)	(24,674,009)
Share Premium Account	-	-
	(20,583,065)	(24,674,009)

CAPITAL RESERVE

Opening Balance	1,380,000	1,380,000
Add: Current Year Profit transferred from Profit & Loss Account	-	-
Amount available for Appropriations	1,380,000	1,380,000
Less: Appropriations	-	-
Closing Balance	1,380,000	1,380,000
TOTAL	(19,203,065)	(23,294,009)

SHREE KARTHIK PAPERS LIMITED

2.3- LONG TERM BORROWINGS

Particulars	Amt in Rs.	
	As at June 30, 2013	As at June 30, 2012
<u>Loans and Advances from Others</u>		
Interest Free Sales Tax Loan	24,652,845	24,886,712
TOTAL	24,652,845	24,886,712

2.4- DEFERRED TAX LIABILITIES (NET)

Deferred Tax Assets	-	-
Deferred Tax Liabilities	4,289,425	3,558,865
	4,289,425	3,558,865

2.5- SHORT TERM BORROWINGS

From Related Parties - Unsecured:-		
M.S.Velu	111,263,140	114,955,091
Smt.S.S.Velu	8,158,007	8,756,908
Shri Vignesh Velu	3,371,989	2,354,457
TOTAL	122,793,136	126,066,456

2.6 - TRADE PAYABLES:-

Due to Micro and Small Enterprises*	-	1,299,000
Sundry Creditors - Supplies	8,347,521	8,774,702
TOTAL	8,347,521	10,073,702

*In the absence of information regarding Micro, small, & medium Enterprises as defined in the Micro, Small and Medium Enterprises

Development Act, 2006, among the creditors, the dues to Micro, Small & Medium Enterprises could not be separately shown under current Liability.

2.7 - OTHER CURRENT LIABILITIES:

Other Payables		
- Staff	61,635	779,572
- Expenses	2,422,469	1,728,330
Excise Duty Payable	1,725,605	2,721,514
TDS Payable	180,329	254,472
TOTAL	4,390,038	5,483,888

2.8 - SHORT TERM PROVISIONS :

Provision for Exgratia & Bonus	447,886	310,075
Provision for Gratuity	895,812	895,812
TOTAL	1,343,698	1,205,887

2.9- FIXED ASSETS

ASSET DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 01.07.2012	Additions Rs.	(Deletions) Rs.	As on 30.06.2013	Upto 01.07.2012	Withdrawn	For the year	Upto 30.06.2013	As on 30.06.2012 Rs.
Land & Land Development	1,356,905			1,356,905			-	-	1,356,905
Garden Development	137,500			137,500		-	-	-	1,356,905
Building	33,444,496			33,444,496	14,256,388		640,883	14,897,271	137,500
Plant & Machinery	157,747,360			157,747,360	92,623,582		1,849,515	94,473,097	19,188,108
Electrical Installations & Fittings	31,328,244			31,328,244	13,928,086		826,508	14,754,594	65,123,778
River Pipeline	7,786,464			7,786,464	5,338,907		288,077	5,626,984	17,400,158
Furniture & Fittings	853,592			853,592	498,740		22,462	521,202	2,447,557
Office Equipments	1,551,917	21,645		1,573,562	618,431		45,295	663,726	354,852
Motor Vehicles	2,648,711	1,528,644		4,177,355	1,198,710		186,290	1,385,000	933,486
Miscellaneous Assets	73,637			73,637	36,315		2,265	38,580	1,450,001
TOTAL	236,928,826	1,550,289	-	238,479,115	128,499,159	-	3,861,296	132,360,455	37,322
Capital work in Progress	-	-	-	-	-	-	-	-	106,118,660
TOTAL (A+B)	236,928,826	1,550,289	-	238,479,115	128,499,159	-	3,861,296	132,360,455	108,429,667

SHREE KARTHIK PAPERS LIMITED

Particulars	Amt in Rs.	
	As at June 30, 2013	As at June 30, 2012
2.10 - NON CURRENT INVESTMENTS:		
Government Securities		
Indra Vikas Patra	8,000	8,000
National Saving Certificate	500	500
TOTAL	8,500	8,500
2.11 - LONG TERM LOANS & ADVANCES:		
Advances receivable in cash or kind	906,000	961,000
Deposits-Others	7,447,268	6,007,421
Deposits with excise Departments	76,702	76,702
Sales Tax Advance	2,512,370	2,512,370
TOTAL	10,942,340	9,557,493
2.12 - INVENTORIES:		
Stores	19,607,469	19,554,007
Raw Materials	19,439,045	34,290,990
Work in process	17,974,693	16,756,115
Finished Goods (Other than acquired in Trading)	26,962,040	19,214,485
Fuel	1,078,684	993,108
Branch Stock	1,628,102	3,523,768
TOTAL	86,690,033	94,332,473
2.13 - TRADE RECEIVABLES:		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured	-	8,985,503
Other Trade Receivables	32,185,065	15,755,765
TOTAL	32,185,065	24,741,268
2.14 - CASH & CASH EQUIVALENTS:		
Cash on Hand	448,673	725,791
Balance with Banks		
Canara Bank - Sungam Branch	5,527	5,527
Federal Bank of India	11,519	11,519
Indian Bank - Ramanathapuram	542,937	385,430
Catholic Syrian Bank	42,749	42,749
SBI Coimbatore	4,125	4,125
SIB-IFBR	1,425	1,425
State bank of Hyderabad	866	866
The Karur Vysya Bank Ltd	32,386	89,999
Vysya Bank Application Money	100,440	100,440
TOTAL	1,190,647	1,367,871

SHREE KARTHIK PAPERS LIMITED

Particulars	Amt in Rs.	
	As at June 30, 2013	As at June 30, 2012
2.15 - SHORT TERM LOANS& ADVANCES :		
Advance to Suppliers	4,755,292	4,732,068
Advance to Staff	-	94,100
<u>Others</u>		
TDS	273,061	268,061
TOTAL	5,028,353	5,094,229
RELATED PARTY DISCLOSURE		
a). List of related parties :-		
i) Key Management Personnel		
M.S.Velu - Managing Director		
ii) Other Related Parties		
Shree Ganesh Gears Private Limited		
b). Transactions with Related Parties :-		
i) Key Management Personnel		
Remueration to MD	2,400,000	
ii) Other Related Parties		
Purchases	6,077,186	
Debit / (Credit) balance as on 30.06.2013	2,077,116	
2.16- Revenue from Operations :		
Sale of Products	301,675,041	214,517,642
TOTAL	301,675,041	214,517,642
Note: Sale of Products		
Sale of Product comprises		
Paper	301,675,041	214,517,642
Total Sale of Manufactured Goods	301,675,041	214,517,642
2.17 Other Income		
Other Income Comprises		
Insurance (TRANSIT)	348,410	488,829
Interest (EB)	465,808	292,881
Miscellaneous Receipts	39,795	236,951
Insurance Claimed	135,722	-
Total Other Income	989,735	1,018,661

SHREE KARTHIK PAPERS LIMITED

Particulars	Amt in Rs.	
	As at June 30, 2013	As at June 30, 2012
2.18 - : Cost of Raw Materials Consumed :		
Opening Stock	34,290,990	19,756,516
Add : Purchases and Expenses	185,722,498	142,281,989
	220,013,488	162,038,505
Less : Closing Stock	19,439,045	34,290,990
Total	<u>200,574,443</u>	<u>127,747,515</u>
2.19: Changes in Inventories of Finished Goods,		
WIP & Stock - in - Trade:		
<u>Inventories at the end of the year:</u>		
Finished goods	26,962,039.80	19,214,485.00
Work-in-progress	17,974,693.20	16,756,115.00
Stock-in-trade	-	-
	<u>44,936,733.00</u>	<u>35,970,600.00</u>
Inventories at the beginning of the year:		
Finished goods	19,214,485.00	13,252,603.00
Work-in-progress	16,756,115.00	9,756,115.00
Stock-in-trade	-	-
	<u>35,970,600.00</u>	<u>23,008,718.00</u>
Net (Increase)/ Decrease	<u>(8,966,133.00)</u>	<u>(12,961,882.00)</u>
2.20: Employee Benefits Expenses:		
Salaries and Wages	10,180,248	10,380,654
Contributions to provident and other funds	486,243	449,369
Bonus & Ex-gratia	311,075	356,375
Gratuity	-	102,114
Staff Welfare	233,906	341,844
Total	<u>11,211,472</u>	<u>11,630,356</u>
2.21: Finance Costs:		
(a) Interest expense on:		
(i) Borrowings	-	-
(ii) Car Loan	34,387	
(iii) Others		
- Interest on delayed / deferred payment of income tax	-	-
- Bank Commission and Other Charges	687,425	205,337
(b) Other borrowing costs	13,190,523	20,237,964
Total	<u>13,912,335</u>	<u>20,443,301</u>

SHREE KARTHIK PAPERS LIMITED

Particulars	_Amt in Rs.	
	As at June 30, 2013	As at June 30, 2012
2.22: Other Expenses:		
Stores, spares, tools dye stuffs	3,283,299	5,955,272
Office Maintenance	23,086	64,450
Machinery Maintenance	202,415	4,861,589
Office Equipments Maintenance	83,228	83,336
Electrical Maintenance	291,617	586,452
Vehicle Maintenance	651,872	540,253
Rent	652,000	865,000
Power, fuel and water charges	63,302,806	41,465,715
Legal Expenses	134,527	-
Insurance paid	195,395	237,887
Rates and Taxes	318,444	585,218
Rebate, Commission and Discount	18,617	242,274
Royalty Charges	554,050	-
Packing and Forwarding	6,314,296	3,429,841
Travelling & Conveyance Local	299,714	-
Advertisement	45,575	51,928
Postages, Telegrams and Telephone	263,189	269,821
Consultancy and Professional charges	225,000	160,317
General Expenses	205,409	384,542
Remuneration to Auditors	185,320	115,365
Total	77,249,859	59,899,260

Notes:-

- (i) Payments to the auditors comprises (net of service tax input credit, where applicable):

As auditors - statutory audit	75,000	70,000
For taxation matters	15,000	15,000
For company law matters	-	-
For management services	-	-
For other services	90,000	29,700
Reimbursement of expenses	5,320	665
Total	185,320	115,365

(Sd./-) M.S. VELU
Chairman and Managing Director

(Sd./-) Mrs. S.S VELU
Director

For **Giri & Co.,**
Chartered Accountants
F.R.No. 006702S

R. GIRI

Senior Partner
M.No 025458

Place : Coimbatore
Date : 21.08.2013

SHREE KARTHIK PAPERS LIMITED

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention on accrual basis and in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

b. FIXED ASSETS

Fixed Assets are stated at cost (less CENVAT, wherever applicable). Cost includes related duties, taxes, freight and installation expenses.

c. DEPRECIATION

Depreciation on the assets has been provided on Straight Line Method as per Schedule XIV to the Companies Act, 1956.

d. INVESTMENTS

Investments being long term are stated at Cost.

e. INVENTORIES

Finished Goods	At Cost
Stock in Process	At Cost
Raw Materials	At Cost
Consumable & Stores	
Fuel Item	At Cost

f. GRATUITY

Provision for gratuity has been made for the eligible employee.

2. CONTINGENT LIABILITIES

Contingent liabilities have not been provided for. The same will be met as and when they arise.

3. SALES

Net sales include sale of products manufactured exclusive of Excise Duty and Sales/VAT Tax charged to customers.

4. As required by MSME Development Act 2006, the dues outstanding for more than 45 days to Micro, Small and Medium Enterprises are given below :-

	in Rs.
Jaya Enterprises	10,73,298 /-
Venkateswara Minerals	2,64,676 /-
Bengal Polysacks	9,78,540/-
Sri Lakshmi Paper Products	2,90,495/-

The Company has not received from its vendors/ suppliers about their status under the MSME Development Act 2006 and hence disclosing the amounts unpaid as at the end of the year.

5. Sundry Debtors, Creditors, Unsecured Loans and Loans and Advances are subject to confirmation and reconciliation and are stated at the book balance thereof. Similarly, the balance of Share Application money with Vysya Bank is subject to confirmation and reconciliation.

6. The company is not covered by E S I regulation.

7. Remuneration to auditors includes:

a. Statutory Audit

		in Rs.
	30.06.2013	30.06.2012
Fee for audit	45,000/-	40,000/-
Fee for Tax Audit	15,000/-	15,000/-
For Expenses	30,000/-	30,000/-

b. Internal Audit

		in Rs.
	30.06.2013	30.06.2012
Fee for audit	60,000/-	60,000/-

8. Information pursuant to provisions of part II of Schedule VI to the Companies Act 1956.

SHREE KARTHICK PAPERS LIMITED

A. Quantitative Information

	30.06.2013	30.06.2012
I) MANUFACTURING ACTIVITY :-		
Installed Capacity and Production		
a. Installed Capacity	13,350 MT	13,350 MT
b. Actual Production	11,405 MT	8,702 MT
Sale of Finished Goods – Paper	11,456 MT	8,734 MT
	Rs.30,16,75,041/-	Rs.21,45,17,642/-
Raw Material Consumption :		
Waste Paper – Indigenous	13,560 MT	10,105 MT
	Rs.20,05,74,443/-	Rs. 12,77,47,515/-
Chemicals	Rs.1,68,41,562/-	Rs. 1,21,09,578/-
Stock of Finished Goods	562 MT	612 MT
	Rs.2,69,62,040/-	Rs. 1,92,14,485/-

9. TAXATION

The company has no liability towards income tax, due to its accumulated losses.

Deferred tax Liability is recognized on timing differences of depreciation between Income Tax and Books of Accounts. The benefit of carry forward losses permissible, which company is certain to realize with future profit is arrived as Deferred Tax Asset. The Net of DTA and DTL are recognized in the financial statement.

10. RELATED PARTY TRANSACTION

- a. Relationship : Associate Company Shree Ganesh Gears Pvt.,Ltd
- b. Nature of Transactions : Purchase of wind energy power Rs.60,77,186/-
- c. Outstanding balance as on 30.06.2013 : Rs.20,77,116/-
- d. Amount Paid during the year : Rs.85,89,030/-

11. SEGMENT REPORTING

The company manufactures and sells only one product, namely writing and printing papers. The company finds no risks involved in the revenue and expenses of the transaction.

12. EXPENDITURE IN FOREIGN CURRENCY

- a. Value of imports on CIF basis during the year : NIL
- b. Expenditure in Foreign Currency during the year : NIL
- c. Earnings in Foreign Currency during the year : NIL

13. DETAILS OF REMUNERATION TO DIRECTORS:

in ₹

Particulars	30.06.2013			30.06.2012		
	M.Director	Director	E.Director	M.Director	Director	E.Director
Salary p.a.	Nil	Nil	2400000/-	Nil	Nil	2400000/-
Perquisites	Nil	Nil	Nil	Nil	Nil	Nil

- 14. Previous year figures have been regrouped / rearranged wherever necessary to confirm to this year's classification / comparison

PROXY FORM

SHREE KARTHIK PAPERS LIMITED

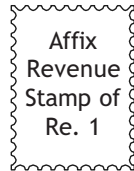
Regd. Office: 25, 50 Ft Road, Krishnasamy Nagar, Ramanthapuram, Coimbatore-6410 45

I / We.....
of..... in the district of
..... being a Member/Members of the above named Company hereby appoint Shri/
Smt. of
..... of in the district
of failing him / her Shri / Smt.
..... in the district of as
my/our Proxy to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held
on Tuesday the 30th December 2013 at 3 P.M. and at any adjournment thereof in favour of / against the
resolutions.

Signed this day of 2013

Registered Folio No. :

No. of Shares held :



Notes : The instrument appointing proxy should be deposited at the Registered Office of the Company
not latter than 48 hours before the commencement of the meeting.



SHREE KARTHIK PAPERS LIMITED

Regd. Office: 25, 50 Ft Road, Krishnasamy Nagar, Ramanthapuram, Coimbatore-6410 45

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full name of the Member attending :

Full name of the first joint holder :

(To be filled in if first named joint-holder does not attend the Meeting)

Name of Proxy :

(To be filled if Proxy Form has been duly deposited with the Company)

I/we hereby register my/our presence at the 22nd ANNUAL GENERAL MEETING held at Sree Annapoorna
Kalai Arangam "Ganaga Hall" East Arokiasamy Road, R.S. Puram, Coimbatore - 641 002, at 3 P.M. on
Monday the 30th December 2013.

Member's / Proxy's Signature
(To be signed at the time of handing over this slip)

Name :

Folio No :

