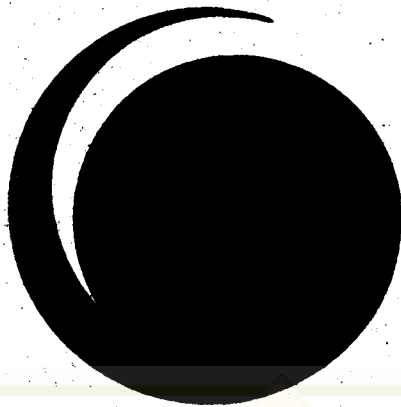


SHREE KARTHIK PAPERS LIMITED



AMOHA

ELEVENTH ANNUAL REPORT 2001 - 2002

SHREE KARTHIK PAPERS LIMITED

BOARD OF DIRECTORS

Sri M.S. Velu, Chairman and Managing Director

Smt. S.S. Velu, Director

Sri K. Palaniswamy, Director

AUDITORS

M/s. Devaiah & Co.

Mysore.

FINANCIAL INSTITUTION AND BANKERS

Industrial Development Bank of India

The South Indian Bank Limited

The Catholic Syrian Bank Limited

REGISTERED OFFICE

No. 13, A.T.D. Street

Race Course

Coimbatore - 641 018.

REGISTRARS AND SHARE

TRANSFER AGENT

S.K.D.C. Consultants Limited

P B No. 2979

11, Seth Narayandoss Layout, Street No. 1

Coimbatore - 641 012

Tel : (0422) 2499856 / 2494704

Fax : (0422) 2499574

E-Mail: info@skdc-consultant.com

SHREE KARTHIK PAPERS LIMITED

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of SHREE KARTHIK PAPERS LIMITED, will be held on Saturday, the 29th March 2003, at 11.00 AM at Annapoorna Kalaingarani, "GANGA HALL", 47, East Arokiarany Road, R.S.Puram, Coimbatore 641 002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account of the Company for the fifteen months period ended 31st June 2002 and the Balance Sheet as on that date and the Reports of the Directors and Auditors.
2. To appoint Director in place of Sri K Arumugam who retires in the ensuing Annual General Meeting and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To Consider and if thought fit, to pass the following resolution with or without modification, as an ordinary resolution:

"RESOLVED THAT, subject to the provisions of Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals/consents as may be necessary, Sri M.S. Velu, Managing Director be paid monthly remuneration and other perquisites as under with effect from 1.12.2001 for the remaining period of his tenure:

REMUNERATION

1. SALARY

Sri M.S. Velu shall be entitled to a salary of Rs.1,00,000/- pm.

2. PERQUISITES

HOUSING

Free Company leased house. The expenditure incurred by the Company on housing, gas electricity, water, furnishings and servants shall be valued as per the Income Tax Rules, 1962.

MEDICAL REIMBURSEMENT

Mr. M.S. Velu as Managing Director and his family members shall be entitled to medical reimbursement.

LEAVE TRAVEL CONCESSION

Mr. M.S. Velu as Managing Director and his family can avail leave travel concession once in a year in accordance with the rules specified by the Company.

CLUB FEES

Mr. M.S. Velu as Managing Director is entitled to subscription in two clubs. However Admission or life membership fee can not be reimbursed by the Company.

PERSONAL ACCIDENT INSURANCE

Mr. M.S. Velu as Managing Director shall be entitled for coverage under Personal Accident insurance. The premium shall not exceed Rs.4,000/- pm.

GRATUITY

Mr. M.S. Velu as Managing Director shall be entitled to Gratuity at half a month salary for each completed year of service.

ENCASHMENT OF LEAVE AT THE END OF TENURE

Mr. M.S. Velu as Managing Director shall be eligible to encash leave at his credit at the End of the tenure as per the rules of the Company.

PROVISION OF A CAR

The Company shall provide a car with driver to Mr. M.S. Velu as Managing Director for use on Company's business. Personal use of car for private purpose shall be billed by the company to Mr. M.S. Velu.

TELEPHONE

Mr. M.S. Velu as Managing Director is entitled for telephone at his residence. However the cost of personal long distance calls shall be paid over to the Company.

5. To Consider and if though fit, to pass the following resolution with or without modification, as an ordinary resolution:

"RESOLVED THAT, subject to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to other approvals/consents as may be necessary Smt. S.S. Velu be and is hereby appointed as the Executive Director for a period of five years on a consolidated monthly remuneration of Rs.25,000/- (Rupees Twenty Thousand Only) with effect from 1.1.2002.

For and on behalf of the Board
M.S.VELU
 MANAGING DIRECTOR

Coimbatore
 01.03.2003

SHREE KARTHIK PAPERS LIMITED

NOTES:

1. A member who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not to be a member of the Company.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company at, "RAAYI" No: 13 AT D Street, Race Course, Coimbatore 641 018 not less than 48 hours before holding the meeting.
3. Members are requested to intimate their change of address if any, to the Company's Security Transfer Agents, M/s. S K D C Consultants Ltd., P B No.2979, No.11, Seth Narayandoss Layout, Street No.1, (West Power House Road), Coimbatore-641 012 quoting their respective folio numbers.
4. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)

Item 4 & 5

The Board of Directors vide their meeting held on 13th December, 2001 have fixed the remuneration for Sri M.S. Velu, Managing Director for the remaining period of his tenure, since the board felt that it is just and equitable that he be paid a remuneration for his role as managing director. Smt. S.S. Velu also was made as Executive Director on a remuneration depicted in the relevant resolution. The resolution is now being placed before the members for their approval.

The Board recommends that this resolution be passed

All the directors are interested in this resolution.

DIRECTORS REPORT

To
The Members,

Your Directors are pleased to present the Eleventh Annual Report together with the Audited Statements of Accounts for the fifteen months period ended 30th June 2002.

1. FINANCIAL HIGHLIGHTS

The financial results are summarised hereunder:

	30.06.2002 (Rs.in lakhs)	31.3.2001
Gross Income	1142.35	756.58
Profit before interest & Depreciation	97.73	121.15
Finance Charges	528.08	347.28
Profit/(loss) before Depreciation	625.81	468.43
Profit/(loss) after Depreciation	715.15	529.43
Prior Period Adjustments	(4.10)	4.36
Net Profit/Loss	711.05	533.79

2. DIVIDEND

The Board of Directors do not recommend payment of Dividend for the period under review in view of accumulated losses.

3. FUTURE OUTLOOK

The problems the Company faced during the preceding years are still continuing and we are slowly coming out of the problems.

Your Company is planning for going in for the manufacture of news print additionally which gives more value addition and by product mix, your Company expects better results, in the coming years.

4. CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNING 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 Board of Directors) Rules, 1988 are given in Annexure I forming part of the report.

5. SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT. 1985

The Industrial Development Bank of India, who was appointed as the Operating Agency as per the Board for Industrial Financial Reconstruction (BIFR), has appointed Mr. Narayana Rao to study your Company's viability for running the Industry and he has submitted the report to IDBI. As per Company's request, Mr. Narayana Rao has submitted the revised report taking into consideration the New Print production also.

SHREE KARTHIK PAPERS LIMITED

Accordingly, a rehabilitation proposal was submitted. But in the meantime your Company wanted to settle the liabilities under One Time Settlement and the proposal are under consideration.

6. DIRECTORS

Sri K Arumugam, retired at this Annual General Meeting and being eligible offer himself for re-election.

7. AUDITORS

M/s. Devaiah & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting and are eligible for reappointment

CORPORATE GOVERNANCE

The code of Corporate Governance is applicable to the company from the financial year 2002-2003. The company shall implement prior to March, 2003 all applicable elements of the code of Corporate Governance.

8. EMPLOYEES RELATIONS

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

9. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

A. Information pursuant to Section 217(2A) of the Companies Act 1956 read with the Companies (particulars of Employees) Rules 1975 as amended and forming part of Directors' Report for the fifteen months period ended is furnished in the Annexure II forming part of the report.

10. ACKNOWLEDGEMENT:

The Directors acknowledge the co-operation, support and assistance rendered by Industrial Development Bank of India, The South Indian Bank Ltd, The Catholic Syrian Bank Ltd and the Customers, Suppliers and the Employees of the Company.

Place : Coimbatore
Date : 01.03.2003

For and on behalf of the Board
Sd/- M.S. VELU
Chairman and Managing Director

ANNEXURE I - ANNEXURE TO DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988

A. Conservation of Energy

The Company is implementing adequate measures for reduction of consumption of energy.

Total energy consumption and consumption per unit of production as prescribed in Form A:

A. Power & Fuel Consumption:	30.06.2002	31.03.2001
1. Electricity :		
a) Purchased:		
Units	48,72,941	30,66,880
Total Amount (Rs.)	2,18,57,227	1,34,63,050
Rate per Unit (Rs.)	4.48	4.39
b) Own Generator:		
i. Through Diesel Generator	Nil	Nil
ii. Through Steam turbo/Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Others: DOB and Saw Dust		
Quantity (In Tonnes)	6056.822	4314.862
Amount (Rs.)	65,48,836	41,01,313
5. Consumption Per Unit of Production:		
Electricity-Units per tonne	884.86	756.69
Others-Units per tonne	1.10	1.06

B Technology Absorption

Indigenous and upgraded Technology alone used

C Foreign Exchange Earnings and Outgo

a. Steps are being taken to explore the possibility of exporting of Writing and Printing Paper		
ii. Total Foreign Exchange earned and used	Earned	Nil
excluding capital goods component and spares	Used	Nil