

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

CIN : L2102TZ1991PLC003570
25, 50 Feet Road, Krishnasamy Nagar
Ramanthapuram, Coimbatore-641 045
Phone : 0422 0422 4217174 Fax : 0422 0422 4217178
Email ID : shreekarthikpapers@yahoo.com

REGISTRAR AND SHARE TRANSFER AGENTS

S.K.D.C. Consultants Limited
Kanapathy Towers, III Floor
1391/A-1 Sathy Road, Ganapathy
Coimbatore-641 006

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.

23rd Annual General Meeting

Date : 29th December 2014
Day : Monday
Time : 3.00 P.M.
Venue : Sree Annapoorna Kalai
Arangam "Ganaga Hall"
R.S. Puram
Coimbatore - 641002
Book Closure Date : 23.12.2014 to 29.12.2014
(Both days inclusive)

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NOTICE

NOTICE is hereby given that the **TWENTY THIRD** Annual General Meeting of the Members of **SHREE KARTHIK PAPERS LIMITED** will be held at Sree Annapoorna Kalai Arangam, Ganga Hall, East Arokiasamy Road, R.S. Puram, Coimbatore-641002 on Monday, 29th December 2014 at 3.00 P.M. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the company for the year ended 31st March 2014 including the audited Balance Sheet as at 31st March 2014 and the Statement of Profit and Loss Account for the year ending 31st March 2014, together with the Reports of the Directors and the Auditors' Report thereon
2. To appoint a Director in place of Sri M.S. Velu (holding DIN 01682508) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors M/s. Giri & Co., Chartered Accountants, Coimbatore for a period of three years at the ensuing Annual General Meeting and to be ratified their appointment every year in the Annual General Meeting and fix their remuneration.

AS SPECIAL BUSINESS

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

Appointment of Independent Directors of the company

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act,

2013, Sri Kandasamy Arumugam (holding DIN 01876085), Director of the company be and is hereby appointed as an Independent Director of the company at the ensuing Annual General Meeting to hold office for five consecutive years for a term up to 31st March 2019".

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

Appointment of Independent Directors of the company

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri Palanisamy Kanagavadivelu (holding DIN 01856028), Director of the company be and is hereby appointed as an Independent Director of the company at the ensuing Annual General Meeting to hold office for five consecutive years for a term up to 31st March 2019".

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

Appointment of Independent Directors of the company

"Resolved that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri Chinna Palanisamy Narendran (holding DIN 00090432), Director of the company be and is hereby appointed as an Independent Director of the company to hold office for five consecutive years for a term up to 31st March 2019".

By Order of the Board

(Sd./-) M.S. Velu

Chairman and Managing Director

Place : Coimbatore

Date : 21.08.2014

SHREE KARTHIK PAPERS LIMITED

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.

Place : Coimbatore

Date : 21.08.2014

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

(Sd./-) M.S. Velu

Chairman and Managing Director

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
Date of Birth	01.02.1943
Date of Appointment	18.12.1991
Expertise in functional areas	General Management
No. of shares held	9719120
List of Directorships held in other Companies	Shree Ganesh Gears Pvt. Ltd

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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	3247.26	3016.75
Profit before Interest and Depreciation	243.04	225.95
Financial Charges	183.51	139.12
Profit /(Loss) before Depreciation	59.53	86.82
Profit /(Loss) after Depreciation	12.24	48.22
Prior period adjustments		—
Provision for Current Tax		
Provision for Fringe Benefit Tax		
Deferred Tax	-	7.31
Net Profit/(Loss) after tax	12.24	40.91

DIVIDEND

The Board of Directors do not recommend to pay a Dividend for the year ended 30th June 2014 in view of the accumulated losses.

FUTURE OUTLOOK

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 four years, thereby affecting the demand as well as prices of the paper manufactured by your company.
3. The continued power shortage in Tamilnadu has affected the utilization levels and has increased the energy costs.
4. Measures are being taken to save costs and rationalize operations, they are likely to yield positive results.

DIRECTORS

In accordance with the Companies Act 2013, Shri K. Arumugam, Shri P. Kanagavadivelu and Shri C.P. Narendran are to be appointed as Independent Directors for a period of five consecutive years at the ensuing Annual General Meeting.

Shri M.S. Velu, Director is due to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION FOREIGN EXCHANGE

EARNINGS AND OUTGO

The required details in accordance with section 134(m) of the Companies Act 2013 read with the Companies (Disclosure of particulars in the Report of Directors) Rules 1988 are given in Annexure-1 forming part of the report.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 134 (5) of the Companies Act, 2013, your Directors wish to confirm that -

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed.

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- 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.
- v The Directors had laid down internal financial controls to be followed by the company and that such internal controls are adequate and were operating effectively
- vi The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 Exchange, 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 Exchange 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.

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 2014-15.

DEPOSITORY SYSTEM

As the members are aware, your company's shares are tradable compulsorily in electronic form and your company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

AUDITORS

In accordance with the Companies Act 2013, the Statutory Auditors of the Company, Messrs Giri & Co., Chartered Accountants, will be appointed as Statutory Auditors of the Company for a period of three years at the conclusion of the ensuing Annual General Meeting and ratify every year for their re-appointment.

EMPLOYEES 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 working capital 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
(Sd./-) M.S. Velu
Chairman and
Managing Director

Place : Coimbatore

Date : 21.08.2014

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ANNEXURE 1

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		30.06.2014	30.06.2013
A Power and Fuel Consumption			
1	Electricity		
A	Purchased KWHr	5828808	5828808
	Total amount Rs.	3,06,47,460	3,06,47,460
	Rate per Unit Rs.P.	5.50	5.50
B	Generation for captive usage KWHr		
	Through Diesel/Generator	Nil	Nil
	Through Steam/Generator	Nil	Nil
2	Furnace Oil	Nil	Nil
3	Fuel : DOB and Saw Dust		
	Quantity (in tones)	8915.53	8915.53
	Amount (Rs.)	1,88,61,871	1,88,61,871
4	Consumption per unit of Production		
A	Electricity units per ton	509.97	509.97
B	Others DOB units per ton	0.78	0.78

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	Earned	Nil
	used excluding capital goods	Used	Nil
	Component and spares.		Nil

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ANNEXURE 2

1. Industry structure and Developments

Paper industry is one among the high priority industries. The five year plan period 2012-17 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. Opportunitie and Threads

The growth rate of recyled 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 from Mills using waste paper industry is from unrecognized sector. This accounts is for around 95% of total raw materials 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 are increasing continuously. It will result in good demand for the industrial product.

4. Risk 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 relations have been maintained in the company. The company had 61 ~~no-of~~ employees as on June 2014.

7. Caution

The views and statements expressed or implied in the Management discussion and analysis are based on available information, experience and our own assessment.

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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

Five Board Meetings were held during the year 2013-14 and the gap between two consecutive meetings did not exceed four months. The dates on which the Board Meetings held were 21.08.2013, 31.10.2013, 30.12.2013, 12.02.2014 and 06.05.2014

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	5	Present
Smt. S.S. Velu		5	Present
Sri K. Arumugam	Independent Non Executive	5	Present
Sri P.Kanagavadivelu	Independent Non Executive	5	Present
Sri P.C. Narendran	Independent Non Executive	5	Present
Sri Vignesh Velu	Executive Director	5	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

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The Company did not have any pecuniary relationship with any of the Non-Executive Directors during the year 2013-14

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 Statutory 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.

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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 134(5) of the Companies Act 2013.
 - 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 judgement 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 5 times during the year 2013-14 on 21.08.2013, 31.10.2013, 30.12.2013, 12.02.2014 and 06.05.2014

The Company has complied with the requirements of Clause 49 II 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	5
Sri P.Kangavadivelu	Independent, Non-Executive	5
Sri P.C. Narendran	Non-Independent, Executive	5

Stakeholders Grievance Committee

The Stakeholders' 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~~ Sri Vignesh Velu, ~~Executive Director~~ acts as the Secretary of the Committee.