
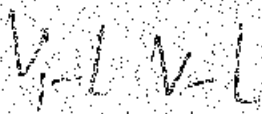

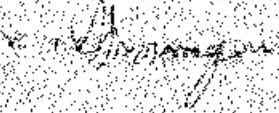


FORM A
Format of covering letter of the Annual Audit report to be filed with
The Stock Exchanges

| | | |
|---|--|--|
| 1 | Name of the company | Shree Karthik Papers Limited |
| 2 | Annual financial statements for the year ended | 30th June 2015 |
| 3 | Type of Audit observation | No qualification |
| 4 | Frequency of observation | Whether appeared first time repetitive/ Since how long period |
| 5 | To be signed by | Nil |
| | CEO/Managing Director | FOR SHREE KARTHIK PAPERS LTD.  MANAGING DIRECTOR |
| | CFO/DGM (F)/Head of Accounts |  |
| | Auditor of the company | For GIRI & CO., Chartered Accountants FRN / 005702B  R. GIRI Senior Partner A. No. 025459 |
| | Audit Committee Chairman |  |

SHREE KARTHIK PAPERS LIMITED



AMOHA

Twenty Fourth Annual Report 2014 - 15

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 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

Axis Bank Limited

24th Annual General Meeting

Date : 30th December 2015
Day : Wednesday
Time : 3.00 P.M.
Venue : Sree Annapoorna Kalai
Arangam "Ganga Hall"
R.S. Puram
Coimbatore - 641002
Book Closure Date : 24.12.2015 to 30.12.2015
(Both days inclusive)

Contents

| | |
|-----------------------------------|----|
| Notice | 2 |
| Directors' Report | 6 |
| Management Discussion Analysis | 11 |
| Report on Corporate Governance | 22 |
| Independent Auditor's Report | 30 |
| Balance Sheet | 34 |
| Statement of Profit and Loss | 35 |
| Cash Flow Statement | 36 |
| Notes to the financial statements | 37 |

SHREE KARTHIK PAPERS LIMITED

NOTICE

NOTICE is hereby given that the **TWENTY FOURTH** 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 Wednesday, the 30th December, 2015 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 30th June, 2015 including the audited Balance Sheet as at 30th June, 2015 and the Statement of Profit and Loss Account for the year ending 30th June, 2015, together with the Reports of the Directors and the Auditors' Report thereon
2. To appoint a Director in place of Smt. Selvambal Sengottu Velu (holding DIN 01740974) who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to section 139(2) and 142(1) of the Companies Act, 2013, the re-appointment of the statutory auditors of the company M/s Giri & Co.,(Firm Registration No. 006702S) Chartered Accountants, Coimbatore be and is hereby ratified by the members of the company for the financial year 2015-16 at such remuneration as may be determined by the Board of Directors of the company in addition to reimbursement of actual conveyance and out of pocket expenses as may be incurred by him during the course of the Audit."

By Order of the Board

(Sd./-) M.S. Velu
Chairman and

Place : Coimbatore

Managing Director

Date : 14.08.2015

DIN : 0168208

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. Members/Proxies should bring their attendance slips duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the company will remain closed from 24th December 2015 to 30th December 2015 (both days inclusive)
4. Members are requested to notify change of address, if any, with Pin Code quoting reference to their folio number immediately to the Registrar.
5. Shareholders are requested to note the Company's Registrars and Share Transfer Agents for physical shares. M/s SKDC Consultants Limited (SKDC), Kanapathy Towers 3rd Floor, 1391/1 Sathy Road, Ganapathy, Coimbatore-641 006. SKDC is also having a depository interface of the company with both NSDL and CDSL.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form, are requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the company.
7. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking appointment/reappointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/reappointment.

SHREE KARTHIK PAPERS LIMITED

8. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form to enable the Company to serve documents in electronic
9. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email ids are registered with the company/Depository participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual report is being sent in the permitted mode.
10. The cutoff date for determining the eligibility to vote by electronic means or by ballot in the general meeting shall be 23.12.2015.
11. The Board has appointed Sri. S. Rengasamy, Practising Company Secretary, Coimbatore-641036 as Scrutinizer for conducting the e-voting process and ballot at AGM.
12. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny. The results of the voting on the resolutions shall be announced by the Chairman on 2nd January 2016. The results declared along with the Scrutinizers report shall be placed on the website of www.cdsl and communicated to BSE Limited.
13. The results of voting shall be declared at the Registered Office of the Company within 3 days of the conclusion of the Annual General Meeting by the chairman of the meeting.
14. **Voting through electronic means**
In compliance with the provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 24th Annual

General Meeting scheduled to be held on Wednesday, the 30th December 2015 at 3.00 p.m. by electronic means and the business may be transacted through remote e-voting. The Company has engaged the services of CDSL as the authorized agency to provide the remote e-voting facilities as per instructions below.

The Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot at the AGM.

Kindly note that members can opt for only one mode of voting i.e., either by through remote e-voting or by ballot at the AGM .

In case of Members casting their vote by remote e-voting, then voting done through remote e-voting shall prevail. A member present at the AGM and voted by remote e-voting will not be permitted to vote at the AGM by Ballot.

Votes cast by members who hold shares on the cut off date Viz. 23.12.2015 alone will be counted.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on December 27, 2015 (10:00 am) and ends on December 29, 2015 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of December 23, 2015), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.

SHREE KARTHIK PAPERS LIMITED

- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

PAN

Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company are requested to use the first two letters of their name and the 8 digits of the folio number/ demat account number in the PAN field.
- In case the Folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with Folio Number 1 then enter RA0000001 in the PAN field.

Dividend Bank Details OR Date of Birth (DOB)

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

- If both the details are not recorded with the depository or company please enter the demat id / folio number in

the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN relevant to Shree Karthik Papers Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

SHREE KARTHIK PAPERS LIMITED

(xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) **Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

By Order of the Board
(Sd./-) M.S. Velu
Chairman and
Managing Director
DIN : 0168208

Place : Coimbatore

Date : 14.08.2015

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

| | |
|---|------------------------------------|
| Name | Smt. Selvambal Sengottu Velu |
| Date of Birth | 15.07.1952 |
| Date of Appointment | 18.12.1991 |
| Expertise in functional areas | General Management |
| No. of shares held | 42,56,580 |
| List of Directorships held in other Companies | Shree Ganesh Gears Private Limited |

SHREE KARTHIK PAPERS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your company take pleasure in presenting you the **Twenty Fourth** Annual Report and the Audited Accounts for the year ended 30th June 2015.

FINANCIAL RESULTS

(Rs. in lacs)

| Particulars | 30.06.2015 | 30.06.2014 |
|---|--------------|--------------|
| Gross Income | 3647.31 | 3247.26 |
| Profit before Interest and Depreciation | 343.65 | 243.04 |
| Financial Charges | 195.81 | 183.51 |
| Profit /(Loss) before Depreciation | 147.84 | 59.53 |
| Profit /(Loss) after Depreciation | 72.41 | 12.24 |
| Exceptional Items | | — |
| Extraordinary Items | | |
| Current Tax | | |
| Deferred Tax | - | - |
| Net Profit/(Loss) after tax | 72.41 | 12.24 |

DIVIDEND

The Board of Directors do not recommend to pay a Dividend for the year ended 30th June 2015 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. Measures are being taken to save costs and rationalize operations, they are likely to yield positive results.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2015 was Rs. 9,55,50,000/-. During the year under

review, the Company has not issued any further shares.

EXTRACTS OF ANNUAL RETURN

As per requirements of provisions of the Companies Act, 2013, the extract of annual return in the prescribed Form MGT9 is annexed hereto as Annexure 3 forming part of the report.

NUMBER OF MEETINGS OF THE BOARD

Details of number of meetings of Board of Directors and committees thereof and the attendance of the Directors in such meetings are provided under the Corporate Governance Report. The provisions of the Companies Act 2013 and listing agreement were adhered to while considering the time gap between two meetings.

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.
- ii The Accounting Policies adopted are consistently followed and the judgments and

SHREE KARTHIK PAPERS LIMITED

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.

NOMINATION AND REMUNERATION COMMITTEE POLICY

As per the requirements of the provisions of the Companies Act, 2013, a Nomination and Remuneration Committee of directors was formed by the Board of Directors consisting of: 1. Sri K. Arumugam, Chairman (Non-Executive - Independent) 2. Sri P. Kanagavadivelu, Member (Non-Executive - Independent) 3. Sri P.C. Narendran, Member (Non-Executive - Independent) The said committee has been empowered and authorised to exercise widest power as entrusted under the provisions of Section 178 of the Companies Act, 2013. The Company has a policy on directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178.

DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the

requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own Performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders committee. The Board of Directors expressed their satisfaction with the evaluation process.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS WITH RELATED PARTY

All the transactions of the company with related parties are at arm's length and have taken place in the ordinary course of business.

MATERIAL CHANGES

There is no material change or commitments after closure of the financial year till the date of this report.

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.

SHREE KARTHIK PAPERS LIMITED

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.

RISK MANAGEMENT

The Company follows a comprehensive and integrated risk appraisal, mitigation and management process. The risk management process of the company is being periodically reviewed for improvement. None of the identified risk elements have any threat on the sustainability of the business.

MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the Companies Act 2013, the details of the Management analysis and data are given in Annexure 2

DIRECTORS

In accordance with the Companies Act, 2013, Smt. Selvambal Sengottu Velu is due to retire by rotation at the ensuing Annual General Meeting and being eligible offer herself for re-appointment.

RE-APPOINTMENT OF INDEPENDENT DIRECTOR

There was no incidence of re-appointment of Independent Director.

RESIGNATION OF DIRECTOR:

There was no incidence of resignation of Director.

SECRETARIAL AUDIT CERTIFICATE

Pursuant to the provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed the Company Secretary in practice to undertake the Secretarial Audit of the company. The Report of the Secretarial Audit Report is annexed herewith as Annexure 4.

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.

PUBLIC DEPOSITS

The company has not accepted Fixed Deposits from the public during the year under review.

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 2015-16.

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.

RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Act and the Listing Agreement. The disclosure is being made as a matter of prudence.

All Related Party Transactions are presented to the Audit Committee and the Board and obtained approval for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of the transactions.

SHREE KARTHIK PAPERS LIMITED

AUDITORS

In accordance with the Companies Act 2013, the Statutory Auditors of the Company, Messrs Giri & Co. (Firm Registration No. 0067025), Chartered Accountants, Coimbatore have been already appointed as Statutory Auditors of the Company for a period of three years subject to ratification by members at every consequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the company at the ensuing Annual General Meeting.

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
DIN : 0168208

Place : Coimbatore

Date : 14.08.2015

SHREE KARTHIK PAPERS LIMITED

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 30 th June | 30.06.2015 | 30.06.2014 |
|-------------------------------------|---|--|-------------|--------------|
| A Power and Fuel Consumption | | | | |
| 1 | Electricity | | | |
| A | Purchased | KWHr | 65,57,016 | 59,31,768 |
| | Total amount | Rs. | 4,84,22,892 | 3,53,90,536 |
| | Rate per Unit | Rs.P. | 6.35 | 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) | | 9026.93 | 9747.88 |
| | Amount (Rs.) | | 2,08,99,419 | 2,06,221,807 |
| 4 | Consumption per unit of Production | | | |
| A | Electricity units per ton | | 518.63 | 568.50 |
| B | Others DOB units per ton | | 0.71 | 0.93 |

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 | Nil Nil |

SHREE KARTHIK PAPERS LIMITED

Annexure-2

Management's Discussion and Analysis

1. Industry structure and Developments

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

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 from Mills using waste paper industry is from unrecognized sector. This account 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 2015.

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.

SHREE KARTHIK PAPERS LIMITED

ANNEXURE-3
FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i) | CIN | L2102TZ1991PLC003570 |
| ii) | Registration Date | 18.12.1991 |
| iii) | Name of the Company | Shree Karthik Papers Limited |
| iv) | Category of the Company Sub-Category of the Company | Company having Share Capital Limited by Shares |
| v) | Address of the Registered office and contact details | 25, 50 Feet Road, Krishnaswamy Nagar Ramanathapuram, Coimbatore-641045 Phone: 0422 – 4217174 Fax.No: 0422 – 4217178 Email.Id :shreekarthikpapers@yahoo.com |
| vi) | Whether listed Company | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | M/s. SKDC Consultants Ltd 3 rd Floor. Kanapati Towers Ganapathy, Coimbatore 641 006 Phone: 0422 – 2539835, 6 & 6549995 Fax No. 0422 – 2539837 Mail: info@skdc-consultants.com Website: www.skdc-consultants.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Paper and Paper Boards | 996611940 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Company does not have any Holding, Subsidiary or Associate Companies

SHREE KARTHIK PAPERS LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|-------------------------------------|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| a. Individual/HUF | 13988200 | ó | 13988200 | 73.20 | 13988200 | ó | 13988200 | 73.20 | |
| b. Central/State Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c. Bodies Corporate | 253500 | ó | 253500 | 1.32 | 253500 | ó | 253500 | 1.32 | 1.32 |
| d. Financial Institutions/ Banks | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e. Any other specify | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub total | 14241700 | ó | 14241700 | 74.52 | 14241700 | Nil | 14241700 | 74.52 | Nil |
| 2. Foreign | | | | | | | | | |
| a. NRI.Indls. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b. Other Indls. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c. Bodies Corporate | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d. Banks/FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e. Any other | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub total | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total share holding of Promoters | 14241700 | ó | 14241700 | 74.52 | 14241700 | Nil | 14241700 | 74.52 | Nil |
| B. Public | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a. Mutual Funds | Nil | 25900 | 25900 | 0.13 | Nil | 25900 | 25900 | 0.13 | Nil |
| b. Banks/FI | 1022100 | Nil | 1022100 | 5.35 | 1022100 | Nil | 1022100 | 5.35 | Nil |
| c. CentralGovt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d. State Govt. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e. Venture capital funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f. Insurance companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| g. FIIs | Nil | 95100 | 95100 | 0.50 | Nil | 95100 | 95100 | 0.50 | Nil |
| h. Foreign venture capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i. others | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub total | 1022100 | 121000 | 1143100 | 5.98 | 1022100 | 121000 | 1143100 | 5.98 | |
| | | | | | | | | | |

SHREE KARTHIK PAPERS LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---------------------------------------|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non - Institutions | | | | | | | | | |
| a. Bodies Corporate | | | | | | | | | |
| i. Indian | | | | | | | | | |
| ii. Overseas | 55697 | 425600 | 481297 | 2.52 | 55697 | 425600 | 481297 | 2.52 | Nil |
| b. Individuals | | | | | | | | | |
| i. Indl.s/holding Up to 1 lac | 139652 | 1414400 | 1554052 | 8.13 | 139652 | 1414400 | 1554052 | 8.13 | Nil |
| ii. Indl.s/holding In excess of 1 lac | 1008435 | 577800 | 1586235 | 8.30 | 1008435 | 577800 | 1586235 | 8.30 | Nil |
| c. Others | Nil | 103616 | 103616 | 0.55 | Nil | 103616 | 103616 | 0.55 | Nil |
| Sub total | 1203784 | 2521416 | 3725200 | 19.50 | 1203784 | 2521416 | 3725200 | 19.50 | Nil |
| Total A + B | 16479584 | 2642416 | 19110000 | 100.00 | 16479584 | 2642416 | 19110000 | 100.00 | |
| Shares held by custodians | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand total | 16479584 | 2642416 | 19110000 | 100.00 | 16479584 | 2642416 | 19110000 | 100.00 | |

ii) Shareholding of Promoter-

| S. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share-holding during the year |
|-------|---------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | M.S.Velu | 9719120 | 50.86 | Nil | 9719120 | 50.86 | Nil | Nil |
| 2 | Selvambal S. Velu | 4256580 | 22.27 | Nil | 4256580 | 22.27 | Nil | Nil |
| 3 | Karthik Velu | 6400 | 0.03 | Nil | 6400 | 0.03 | Nil | Nil |
| 4 | Vignesh Velu | 6100 | 0.03 | Nil | 6100 | 0.03 | Nil | Nil |
| 5 | Shree Ganesh Gears P Ltd. | 253500 | 1.33 | Nil | 253500 | 1.33 | Nil | Nil |
| | Total | 14241700 | 74.52 | Nil | 14241700 | 74.52 | Nil | 74.52 |

SHREE KARTHIK PAPERS LIMITED

iii) Change in Promoters' Shareholding

| S. No. | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 14241700 | 74.52 | — | — |
| Date wise increase/ decrease In promoters' shareholding during the year (specifying the reason for increase/decrease (eg. Allotment/ transfer/bonus/sweat equity etc). Allotment made on 31.03.2015 on preferential basis to raise funds for the WC requirements | — | — | | |
| At the end of the year | — | — | 14241700 | 74.52 |

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRS)

| S. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Industrial Development Bank of India Ltd. | 10,00,000 | 5.23 | 10,00,000 | 5.23 |
| 2 | K. Sundaram Sharma | 2,54,800 | 1.33 | 2,54,800 | 1.33 |
| 3 | Sathya Kanagavadivel | 1,95,400 | 1.02 | 1,95,400 | 1.02 |
| 4 | K.T. Karthirvel | 1,95,400 | 1.02 | 1,95,400 | 1.02 |
| 5 | R. Uma shankar | 2,05,400 | 1.07 | 2,05,400 | 1.07 |
| 6 | U.D. Shanti | 1,95,400 | 1.02 | 1,95,400 | 1.02 |
| | Total | 20,46,400 | 10.69 | 20,46,400 | 10.69 |

SHREE KARTHIK PAPERS LIMITED

v) Shareholding of Directors and Key Managerial Personnel

| S. No. | For Each of the Directors and Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | No change during the year | | | |
| | Date wise increase/ decrease in promoters' shareholding during the year (specifying the reason for increase/decrease (eg. Allotment/ transfer/bonus/sweat equity etc). Allotment made on 31.03.2015 on preferential basis to raise funds for the WC requirements | No change during the year | | | |
| | At the end of the year (or on the date of separation, if separated during the year) | No change during the year | | | |

V. INDEBTEDNESS -

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in lacs

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 2218.38 | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 2218.38 | - | 2218.38 |
| Change in Indebtedness during the financial year | | | | |
| ● Addition | 189.02 | - | - | - |
| ● Reduction | - | 264.36 | - | - |
| Net Change Addition/Reduction | 189.02 | (264.36) | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 189.02 | 1954.02 | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 189.02 | 1954.02 | - | 2143.04 |

SHREE KARTHIK PAPERS LIMITED

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and CFO

| | | Rs. in lacs |
|----|--|--------------|
| Sl | Particulars | Total |
| 1 | Gross Salary | 24.00 |
| | a Salary as per provisions contained in sec.17(1) of the Income tax Act 1961 | - |
| | b Value of perquisites u/s 17(2) of the Income Tax Act 1961 | - |
| | c Profit in lieu of salary u/s 17(3) of Income tax Act 1961 | - |
| 2 | Stock Option | - |
| 3 | Sweat Equity | - |
| 4 | CommissionAs % of ProfitOthers specify | - |
| 5 | Others pl. specify | — |
| | Total - A | 24.00 |
| | Ceiling limit as per the Companies Act | 84.00 |

B. Remuneration to Other Directors

| Sl | Particulars | |
|----|---|--------------|
| 1 | Independent Directors | |
| | Fee for attending Board/ Committee meetings | |
| | Commission | Nil |
| | Others, please specify | Nil |
| | Total | Nil |
| 2 | Other Non Executive Directors | Nil |
| | Fee for attending Board/ Committee meetings | Nil |
| | Commission | Nil |
| | Others, please specify | Nil |
| | Total B | Nil |
| | Total Managerial Remuneration (A+B) | 24.00 |

C. Remuneration to Key Managerial Personnel other than MD/WTD

| | | Rs. in lacs |
|----|--|-------------|
| Sl | Particulars | |
| 1 | Gross Salary | 10.80 |
| | a Salary as per provisions contained in sec.17(1) of the Income tax Act 1961 | |
| | b Value of perquisites u/s 17(2) of the Income Tax Act 1961 | |
| | c Profit in lieu of salary u/s 17(3) of Income tax Act 1961 | |
| 2 | Stock Option | |
| 3 | Sweat Equity | |
| 4 | CommissionAs % of ProfitOthers specify | |
| 5 | Others pl. specify | |
| | Total C | 10.80 |

SHREE KARTHIK PAPERS LIMITED

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|---|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. COMPANY Penalty Punishment Compounding | | | | | |
| | NONE | | | | |
| B. DIRECTORS Penalty Punishment Compounding | | | | | |
| | NONE | | | | |
| C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding | | | | | |
| | NONE | | | | |

SHREE KARTHIK PAPERS LIMITED

ANNEXURE 4

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 30th JUNE 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members
Shree Karthik Papers Limited
25, 50 Feet Road
Krishnaswamy Nagar, Ramanathapuram
Coimbatore-641045

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shree Karthik Papers Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Shree Karthik Papers Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 30th June 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Prime Urban Development India Limited ("the Company") for the financial year ended on 30th June 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vi) Employees Provident Fund and Miscellaneous Provisions Act 1952

SHREE KARTHIK PAPERS LIMITED

vii) Environment Protection Act 1986 and other environmental laws

viii) Factories Act 1948

ix) Income Tax Act 1961 and Indirect Tax Laws

x) Indian Stamp Act 1999

xi) Payment of Gratuity Act 1972 and other laws applicable to the company

Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 (SEBI Act) were not applicable to the company during the financial year under my report.

i) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008

iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009 and

iv) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the year under report, the company has not undertaken event/action having a major bearing on the company's affair in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to the above.

I further report that during the audit period, there were no instances of

SHREE KARTHIK PAPERS LIMITED

- (i) Public issue /Right issue / debentures/sweat equity, etc.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction, etc.
- (iv) Foreign technical collaborations.

Place : Coimbatore
Date : 14.08.2015

S. Rengasamy
FCS 3871
COP No.9901

List of documents verified:

1. Memorandum and Articles of Association of the Company
2. Annual Report for the Financial Year ended 30th June 2015
3. Minutes of the meeting of the Board of Directors, Audit Committee, Stakeholders Grievance Committee, Nomination and Remuneration Committee, Special Committee along with the Attendance Register held during the financial year under report.
4. Minutes of the General Body Meeting held during the financial year under report
5. Statutory Registers viz. Register of Directors, KMP, Register of Directors shareholding,
6. Register of loans, guarantees and security and acquisition made by the company
7. Agenda papers submitted to all the Directors for the Board Meetings and Committee Meetings.
8. Declarations received from the Directors of the company pursuant to the provisions of Section 184 of the Companies Act 2013.
9. Intimations received from the Directors under the Prohibition of Insider Trading Code
10. E-Forms filed by the company from time to time under applicable provisions of the Companies Act 2013 and attachment thereof during the financial year under report

Intimations/documents/reports/returns filed with the Stock Exchange pursuant to the provisions of the Listing Agreement during the financial year under report.

SHREE KARTHIK PAPERS LIMITED

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 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 2014-15 and the gap between two consecutive meetings did not exceed four months. The dates on which the Board Meetings held were 30.08.2014, 31.10.2014, 29.12.2014, 09.02.2015 and 14.05.2015.

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 | Director | 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 |
| Shri M.S. Velu | 1 | |
| Smt. S.S. Velu | Nil | 1 |
| Shri K. Arumugam | Nil | Nil |
| Shri P. Kanagavadivelu | Nil | Nil |
| Shri P.C. Narendran | Nil | Nil |
| Shri 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 2014-15

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 provisions or listing requirements as well as shareholder services
- H. details of any joint venture or collaboration agreement
- I. transactions that involve substantial payment towards goodwill, brand equity or intellectual property

f. **Independent Directors**

The Non-Executive Independent Directors fulfil the conditions of independence specified in Section 149(6) of the Companies Act 2013 and Rules made there under and meet with requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. A format letter of appointment to Independent Director as provided in Companies Act 2013 and the Listing Agreement has been issued.

III. **Committees of the Board**

Audit Committee

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

SHREE KARTHIK PAPERS LIMITED

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.
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 (v) of section 134 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 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, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditors independence and performance and effectiveness of audit process
8. Approval or any subsequent modification of transactions of the company with related parties
9. Scrutiny of inter-corporate loans and investments
10. Valuation of undertakings or assets of the company wherever it is necessary
11. Evaluation of internal financial controls and risk management systems
12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control system
13. 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.
14. Discussion with internal auditors any significant findings and follow up thereon.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

SHREE KARTHIK PAPERS LIMITED

16. 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.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism, in case the same is brought to force.
19. Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
20. 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 2014-15 on 30.08.2014, 31.10.2014, 29.12.2014, 09.02.2015 and 14.05.2015.

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 |
|----------------------|----------------------------|-----------------------------|
| Shri K.Arumugam | Independent, Non-Executive | 5 |
| Shri P.Kangavadivelu | Independent, Non-Executive | 5 |
| Shri P.C. Narendran | Independent, Non-Executive | 5 |

Stakeholders Relationship 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 acts as the Secretary of the Committee.

The Committee met five times during the year 2014-15 on 30.08.2014, 31.10.2014, 29.12.2014, 09.02.2015 and 14.05.2015.

No investor grievance remained unattended/pending fore 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 Stakeholders Grievance Committee and details of the meetings attended by the Directors are as under:

| Names of Members | Category | Number of meetings attended |
|---|--------------------------------|-----------------------------|
| Shri. K. Arumugam Committee Chairman | Independent, Non-Executive | 5 |
| Shri. M.S. Velu | Non-Independent, Non-Executive | 5 |
| Smt. S.S. Velu | Non-Independent, Non-Executive | 5 |

SHREE KARTHIK PAPERS LIMITED

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three Independent Non-Executive Directors viz. Sri K. Arumugam as its Chairman, Sri P. Kanagavadivelu and Sri C.P. Narendran as its members. 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 Nomination and Remuneration Committee are approved by the Board of Directors.

Remuneration of Directors, sitting fees, salary and 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.

Performance evaluation

Pursuant to the provisions of the Companies Act 2013 and Clause 49 of the Listing Agreement, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the company. The performance of the Independent Directors was carried out by the entire Board. The performance of the Chairman and Non-Executive Directors was carried out by Independent Directors. The Board also carried out the annual performance of the other Committees viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The Directors expressed their satisfaction with the evaluation process.

The Board of Directors decides the remuneration of Non-Executive Directors which is present "Nil"

IV. RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Act and the Listing Agreement. The disclosure is being made as a matter of prudence.

All Related Party Transactions are presented to the Audit Committee and the Board and obtained approval for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Board has approved a policy for Related Party Transactions and implemented the Policy with effect from 01.03.2015. The policy is uploaded on the company's website.

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 Statement and the Internal Control System for financial reporting is enclosed to this report.

SHREE KARTHIK PAPERS LIMITED

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.

VI. GENERAL BODY MEETINGS

General Body Meetings during last three years

| Financial Year | Date | Time | Venue |
|----------------|------------|-----------|--|
| 2011-12 | 31.12.2012 | 3.00 P.M. | Sree Annapoorna Kalaiaragam, R.S. Puram, Coimbatore |
| 2012-13 | 29.12.2013 | 3.00 P.M. | Sree Annapoorna Kalaiaragam, R.S. Puram, Coimbatore |
| 2013-14 | 29.12.2014 | 3.00 P.M. | Sree Annapoorna Kalaiaragam, 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

Smt. Selvambal Sengottu Velu is due to retire by rotation and being eligible, offers herself for re-appointment.

X. General Shareholders' Information

Annual General Meeting:

Date of Book Closure : 24.12.2015 to 30.12.2015 (both days inclusive)
Day & Date : 30th December 2015
Time : 3:00 P.M.
Venue : Sree Annapoorna Kalai Aragam, 75 East Arokiasamy Road, R.S.Puram, Coimbatore-641002

Listing on Stock Exchanges : The Company is listed on BSE Limited. The annual listing fee has been paid upto 2014-15 and there is no outstanding payment towards the Exchange as on date.

Stock Code : BSE Limited – 516106

Financial Calendar (tentative)

First Quarter Results: Fourth week of November, 2015
Second Quarter/Half-Yearly Results: Fourth week of January, 2016
Third Quarter Results: Fourth week of May, 2016

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. Dematerialization of Shares and Liquidity

86.57% (1,65,43,800 equity shares) of the Company's paid-up Equity capital has been dematerialized up to 30th June 2015. Trading in Equity Shares is permitted only in dematerialized form as notified by SEBI. The volumes traded in stock exchanges not high.

XIII. Shareholding Pattern as on 30th June 2015

| Description of Investors | Number of shares held | Percentage of holding |
|---|-----------------------|-----------------------|
| Promoters | 14241700 | 74.52 |
| Mutual Funds, Banks, Financial Institutions & Insurance Companies | 1048000 | 5.49 |
| Foreign Institutional Investors | 95100 | 0.50 |
| NRI and OCBs | | |
| Private Corporate Bodies | 484111 | 2.53 |
| Indian Public | 3241089 | 16.96 |
| Total | 19110000 | 100.00 |

XIV. Distribution of Shareholding as on 30.06.2015

| In Value | No. of share holders | % | Amount | % |
|------------------|----------------------|---------------|-----------------|---------------|
| Upto 5000 | 5484 | 95.94 | 4549985 | 4.76 |
| 5001 - 10000 | 79 | 1.38 | 610770 | 0.64 |
| 10001 - 20000 | 53 | 0.93 | 771070 | 0.81 |
| 20001 - 30000 | 41 | 0.72 | 1041500 | 1.09 |
| 30001 - 40000 | 13 | 0.23 | 452500 | 0.47 |
| 40001 - 50000 | 11 | 0.19 | 521750 | 0.55 |
| 50001 - 100000 | 10 | 0.17 | 743750 | 0.78 |
| 100001 and above | 25 | 0.44 | 86858675 | 90.90 |
| Total | 5716 | 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 : 14.08.2015

For and on behalf of the Board

(Sd./-) 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 2015 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 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

(Sd./-) **R. Giri**

Senior Partner

Place : Coimbatore

Date : 14.08.2015

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, 2015, and the statement of Profit and Loss for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the 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.

SHREE KARTHIK PAPERS LIMITED

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the companies(Auditor's Report) Order, 2015 (the Order) issued by the Central Government of India in terms of Sub Section (11) of Section.143 of the Companies Act 2013, we give in the annexure a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent Applicable.
2. As required by section 143(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 the statement of Profit and loss and the cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on June 30, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

For Giri & Co.
Chartered Accountants

(Sd./-) **R. Giri** BCom FCA FCMA BL
Senior Partner
Membership Number : 25458

Place : Coimbatore
Date : 14.08.2015

SHREE KARTHIK PAPERS LIMITED

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of **M/S. SHREE KARTHIK PAPERS LIMITED** ("the Company") for the year ended June 30, 2015. We report that:

- i) In respect of Fixed Assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) As per the information and explanations given to us, fixed assets have been physically verified by the Management at reasonable intervals, and No discrepancies were noticed on such Verification.
- ii) In respect of Inventories :
 - a) As per the information and explanation given to us, the inventories have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of it's business.
 - c) The Company is maintaining proper records of inventories. No material discrepancies were noticed on physical verification of inventory.
- iii) a) According to the information and explanations given to us, the Company has not granted loans, unsecured, from or to Companies, firm or other parties, listed in the Register maintained Under Section 189 Of the Companies Act,2013 ('the Act'),but the Company has taken loans, unsecured, from the parties, listed in the Register maintained Under Section 189 Of the Companies Act,2013 ('the Act'), the terms and Conditions are not prima facie prejudicial to the interest of the Company and the terms of arrangements do not Stipulate and repayment Schedule and the loans are repayable on demand.

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

| Name of the Directors | Balance as on 01.07.2014 | Balance as on 30.06.2015 |
|------------------------------------|-----------------------------|-----------------------------|
| M.S. Velu Managing Director | Rs.15,93,19,850/- | Rs.13,61,01,378/- |
| S.S. Velu Director | Rs.2,12,42,544/- | Rs.1,77,00,623/- |
| Vignesh Velu Executive Director | Rs.1,67,96,408/- | Rs.2,06,15,976/- |

- b) There are no overdue amounts in respect of the loans granted to the bodies Corporate listed in the register maintained Under Section 189 of the Act.
- iv) In our opinion and according to the information and explanations given to us, there is an internal control System Commensurate With the Size of the Company and the nature Of its business with regard to purchase of inventory & fixed assets and Sale of goods and Services.
- v) The Company has not accepted and deposits from the public.
- vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for maintenance of cost records under section 148(1) of the act and are of the opinion that prima facie, the Prescribed accounts and records have been made and maintained, However, we have not made a detailed examination of the records.
- vii) According to the records of the Company and the information and explanations given to us in respect of Statutory and other dues:

SHREE KARTHIK PAPERS LIMITED

- (a) The Company was regular in depositing Provident Fund and Employee' State Insurance dues, Excise duty, Service tax, customs duty, CESS, Investor Education & Protection Fund, Income Tax , Sales Tax and all other applicable Statutory dues with the appropriate authorities and there were no arrears outstanding for a period of more than 6 month as at 30th June,2015
- (b) 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 |
| g. | 2006-2007 (Income Tax) | Tax | CIT (Appeals) Cbe., | 58,40,144 |

- (c) According to the information and explanations given to us, there were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act,2013 and rules there under
- viii) The Company has accumulated losses at the end of the financial year and has not incurred cash loss in the financial year and in the immediately preceding financial year.
- ix) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.
- x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks of financial institutions.
- xi) As informed to us, the term loans were utilized by the Company for the purpose for which they were obtained.
- xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the Course of our audit.

For Giri & Co.
Chartered Accountants

(Sd./-) **R. Giri** BCom FCA FCMA BL
Senior Partner
Membership Number : 25458

Place : Coimbatore
Date : 14.08.2015

SHREE KARTHIK PAPERS LIMITED

BALANCE SHEET AS AT 30th JUNE.2015

Amt in Rs.

| Particulars | Note | As at 30.06.2015 | As at 30.06.2014 |
|---|------|---------------------|---------------------|
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDER'S FUND | | | |
| Share Capital | 2.1 | 95,550,000 | 95,550,000 |
| Reserves & Surplus | 2.2 | (13,740,861) | (17,979,398) |
| Money received against share warrants | | Nil | Nil |
| NON CURRENT LIABILITIES | | | |
| Long Term Borrowings | 2.3 | 121,786,721 | 24,480,846 |
| Deferred Tax Liabilities (Net) | 2.4 | 4,289,425 | 4,289,425 |
| CURRENT LIABILITIES | | | |
| Short Term Borrowings | 2.5 | 92,517,708 | 197,358,802 |
| Trade Payables | 2.8 | 22,919,665 | 1,388,508 |
| Other Current Liabilities | 2.6 | 9,713,393 | 10,293,320 |
| Short Term Provisions | 2.7 | 1,666,210 | 4,821,442 |
| TOTAL | | 334,702,260 | 320,202,945 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 2.9 | 130,980,372 | 129,190,787 |
| (ii) Intangible Assets | | Nil | Nil |
| (iii) Capital Work in progress | | Nil | Nil |
| (iv) Intangible Assets under developement | | Nil | Nil |
| (b) Non-Current Investment | 2.10 | 8,500 | 28,646,500 |
| (c) Deferred Tax Assets(Net) | - | Nil | Nil |
| (d) Long-Term loans and advances | 2.11 | 15,215,555 | 12,231,632 |
| (e) Other Non current Assets | - | Nil | Nil |
| CURRENT ASSETS | | | |
| (a) Current Investments | | Nil | Nil |
| (b) Inventories | 2.12 | 143,689,660 | 107,022,176 |
| (c) Trade Receivables | 2.13 | 43,723,018 | 36,731,470 |
| (d) Cash and Cash equivalents | 2.14 | 144,684 | 1,368,934 |
| (e) Short Term Loans and Advances | 2.15 | 940,471 | 5,011,446 |
| (f) Other Current Assets | | Nil | Nil |
| TOTAL | | 334,702,260 | 320,202,945 |

Significant Accounting Policies
and Notes on accounts

1 & 2

(Sd./-) **M.S. VELU**
Chairman and Managing Director
DIN : 0168208

(Sd./-) **Mrs. S.S VELU**
Director
DIN : 01740974

As per our report of even date
For **Giri & Co.,**
Chartered Accountants
F.R.No. 006702S

(Sd./-) **R. GIRI**
Senior Partner
M.No 025458

Place : Coimbatore
Date : 14.08.2015

SHREE KARTHIK PAPERS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30th, JUNE 2015

| | | Amt in Rs. | |
|--|------|--------------------------|--------------------------|
| Particulars | Note | Year ended 30.06.2015 | Year ended 30.06.2014 |
| INCOME | | | |
| Revenue from Operations | 2.16 | 364,731,247 | 324,726,290 |
| Other Income | 2.17 | 1,341,688 | 972,580 |
| Total Revenue | | 366,072,936 | 325,698,870 |
| EXPENSES | | | |
| Cost of material consumed | 2.18 | 230,884,849 | 207,994,729 |
| Changes in Inventories of Finished Goods, WIP & Stock - in - Trade | 2.19 | (13,577,724) | (6,840,503) |
| Employee Benefits Expenses | 2.20 | 13,306,267 | 12,889,405 |
| Finance Costs | 2.21 | 19,581,308 | 18,351,009 |
| Depreciation and amortisation expenses | 2.9 | 7,542,258 | 4,729,175 |
| Other Expenses | 2.22 | 101,094,753 | 87,351,386 |
| Total Expenses | | 358,831,712 | 324,475,203 |
| PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX | | 7,241,224 | 1,223,667 |
| Exceptional Items | | - | - |
| PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX | | 7,241,224 | 1,223,667 |
| Extraordinary Items | | - | - |
| PROFIT BEFORE TAX | | 7,241,224 | 1,223,667 |
| Tax expense: | | | |
| Current tax | - | - | - |
| Deferred tax(Net) | | - | - |
| Prior period Adjustments-Net | | - | - |
| PROFIT FOR THE PERIOD | | 7,241,224 | 1,223,667 |
| EARNINGS PER EQUITY SHARE | | | |
| Equity shares of par value Rs.10/-each | | | |
| Basic | | 0.38 | 0.06 |
| Diluted | | 0.38 | 0.06 |
| 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
DIN : 0168208

(Sd./-) **Mrs. S.S VELU**
Director
DIN : 01740974

As per our report of even date
For **Giri & Co.**,
Chartered Accountants
F.R.No. 006702S

(Sd./-) **R. GIRI**
Senior Partner
M.No 025458

Place : Coimbatore
Date : 14.08.2015

SHREE KARTHIK PAPERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th June 2015

| Particulars | Rs | Rs. |
|--|------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit before Tax and extraordinary items | 7,241,224 | |
| Add: Non Cash & Non Operating Expenses | | |
| Depreciation | 7,542,258 | |
| Interest paid to bank & others | 19,581,308 | |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 34,364,790 |
| Less: Increase in Current Assets | (43,659,032) | |
| Less : Decrease in Current Liabilities | (104,841,094) | |
| Add: Increase in Current Liabilities | 17,795,997 | |
| Add : Decrease in Current Assets | 4,070,975 | |
| OPERATING PROFIT AFTER WORKING CAPITAL CHANGES | (126,633,154) | (92,268,364) |
| Less : Income tax paid | | - |
| (A) NET CASH FLOW FROM OPERATING ACTIVITIES | | (92,268,364) |
| CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Less: Purchase of Fixed Assets | (12,334,530) | |
| Add : Sale of Fixed Assets | - | |
| Sale of Investments | 28,638,000 | |
| (B) NET CASH FLOW FROM INVESTING ACTIVITY | | 16,303,470 |
| CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Less: Repayment of Loan | (19,581,308) | |
| Less: Long Term Borrowing Repaid | - | |
| Add : Long term loans and advances | 2,983,923 | |
| Add : Long term Borrowing raised | | |
| C) NET CASH FLOW FROM FINANCING ACTIVITIES | | 74,740,644 |
| (A) + (B) + (C) | | (1,224,250) |
| Add: Opening Cash & Cash Equivalents | | 1,368,934 |
| Closing Cash & Cash Equivalents | | 144,684 |

SHREE KARTHIK PAPERS LIMITED

2. NOTES ON ACCOUNTS

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

| Particulars | Amt in Rs. | |
|--|------------------------|------------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| 2.1 - SHARE CAPITAL | | |
| 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 | 57% |
| Selvambal | 4,256,580 | 22% |
| Industrial Development Bank of India | 1,000,000 | 5% |
| RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING: | | |
| Particulars | As at June 30, 2015 | As at June 30, 2014 |
| 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 | | |
| STATEMENT OF PROFIT & LOSS | | |
| Opening Balance | (19,359,398) | (24,674,009) |
| Add: Current Year Profit transferred from Statement of Profit & Loss | 7,241,224 | 1,223,667 |
| Amount available for Appropriations | (12,118,174) | (19,359,398) |
| Less: Appropriations | 3,002,687 | - |
| Closing Balance | (15,120,861) | (19,359,398) |
| Share Premium Account | - | - |
| | (15,120,861) | (19,359,398) |
| CAPITAL RESERVE | | |
| Opening Balance | 1,380,000 | 1,380,000 |
| Add: Current Year Profit transferred from Statement of Profit & Loss | - | - |
| Amount available for Appropriations | 1,380,000 | 1,380,000 |
| Less: Appropriations | - | - |
| Closing Balance | 1,380,000 | 1,380,000 |
| TOTAL | (13,740,861/) | (17,979,398) |

SHREE KARTHIK PAPERS LIMITED

| Particulars | Amt in Rs. | |
|---|------------------------|------------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| 2.3- LONG TERM BORROWINGS | | |
| Loans and Advances from Others | | |
| Interest Free Sales Tax Loan | 20,983,582 | 24,480,846 |
| From Related Party Shri M.S.Velu | 100,000,000 | - |
| Term Loan- From Bank | | |
| HDFC Car Loan | 385,196 | - |
| ICICI Bank Jeep Loan | 417,943 | - |
| TOTAL | 121,786,721 | 24,480,846 |
| 2.4- DEFERRED TAX LIABILITIES (NET) | | |
| Deferred Tax Assets | - | - |
| Deferred Tax Liabilities | 4,289,425 | 4,289,425 |
| | 4,289,425 | 4,289,425 |
| 2.5- SHORT TERM BORROWINGS | | |
| Secured | | |
| (a) Loans repayable on demand | | |
| From banks | | |
| Axis Bank , Avinashi Road CBE. CC Account | 18,099,731 | - |
| (b) From Related Parties - Unsecured:- | | |
| M.S.Velu | 36,101,378 | 159,319,850 |
| Smt.S.S.Velu | 17,700,623 | 21,242,544 |
| Shri Vignesh Velu | 20,615,976 | 16,796,408 |
| TOTAL | 92,517,708 | 197,358,802 |
| 2.6 - TRADE PAYABLES | | |
| Sundry Creditors - Supplies | 22,919,665 | 10,293,320 |
| TOTAL | 22,919,665 | 10,293,320 |
| 2.7 - OTHER CURRENT LIABILITIES | | |
| Other Payables | | |
| Expenses | 111,000 | - |
| Staff salary Payable) | 716,359 | 634,249 |
| Electricity Bill Payable | 5,252,443 | 1,906,470 |
| Sales Tax payable | 1,75,507 | 381,294 |
| Excise Duty Payable | 2,139,926 | 1,588,112 |
| Provident Fund Payable | 83,534 | 79,841 |
| TDS Payable | 234,624 | 231,476 |
| TOTAL | 9,713,393 | 4,821,442 |
| 2.8 - SHORT TERM PROVISIONS | | |
| Provision for Exgratia & Bonus | 591,235 | 492,696 |
| Provision for Gratuity | 1,074,974 | 895,812 |
| TOTAL | 1,666,210 | 1,388,508 |

SHREE KARTHIK PAPERS LIMITED

| ASSET DESCRIPTION | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|-------------------------------------|--------------------|-------------------|-------------------|--------------------|--------------------|-----------|-------------------|--------------------|--------------------|--------------------|
| | As on 01.07.2014 | Additions (Rs.) | (Deletions) Rs. | As on 30.06.2015 | Upto 01.07.2014 | Withdrawn | For the year | Upto 30.06.2014 | As on 30.06.2015 | As on 30.06.2014 |
| Land & Land Development | 1,356,905 | | | 1,356,905 | - | - | - | - | 1,356,905 | 1,356,905 |
| Garden Development | 137,500 | | | 137,500 | - | - | - | - | 137,500 | 137,500 |
| Building | 33,444,496 | 11,426,587 | - | 44,871,083 | 15,516,748 | | 2,039,392 | 17,556,140 | 27,314,943 | 17,927,748 |
| Plant & Machinery | 174,780,914 | 8,254,965 | - | 183,035,879 | 97,222,384 | | 6,788,088 | 104,010,472 | 79,025,407 | 77,558,530 |
| Electrical Installations & Fittings | 31,379,466 | 2,610,176 | | 33,989,642 | 15,543,390 | | 953,025 | 16,496,415 | 17,493,227 | 15,836,076 |
| River Pipeline | 7,786,464 | | | 7,786,464 | 5,866,038 | | 212,816 | 6,078,854 | 1,707,610 | 1,920,426 |
| Furniture & Fittings | 853,592 | | | 853,592 | 542,242 | | 25,349 | 567,591 | 286,001 | 311,350 |
| Office Equipments | 1,615,620 | 3,500 | - | 1,619,120 | 707,753 | | 51,359 | 759,112 | 860,008 | 907,867 |
| Motor Vehicles | 4,177,355 | 713,769 | | 4,891,124 | 1,650,274 | | 470,119 | 2,120,393 | 2,770,731 | 2,527,081 |
| Miscellaneous Assets | 73,637 | | | 73,637 | 40,799 | | 4,797 | 45,596 | 28,041 | 32,838 |
| TOTAL | 255,605,949 | 23,008,997 | - | 278,614,946 | 137,089,629 | - | 10,544,945 | 147,634,574 | 130,980,372 | 118,516,321 |
| Capital work in Progress | 10,674,467 | - | 10,674,467 | - | - | - | - | - | - | 10,674,467 |
| TOTAL (A+B) | 266,280,416 | 23,008,997 | 10,674,467 | 278,614,946 | 137,089,629 | - | 10,544,945 | 147,634,574 | 130,980,372 | 129,190,788 |

SHREE KARTHIK PAPERS LIMITED

| Particulars | Amt in Rs. | |
|---|------------------------|------------------------|
| | As at June 30, 2015 | As at June 30, 2014 |
| 2.10 - NON CURRENT INVESTMENTS | | |
| Government Securities | | |
| Indra Vikas Patra | 8,000 | 8,000 |
| National Saving Certificate | 500 | 500 |
| Shares in Shree Ganesh Gears, Mysore | - | 28,638,000 |
| TOTAL | 8,500 | 28,646,500 |
| 2.11 - LONG TERM LOANS & ADVANCES | | |
| Advances receivable in cash or kind | | 692,800 |
| Deposits-EB | 10,401,600 | 8,090,513 |
| Sales Tax Advance | 3,448,319 | 3,448,319 |
| Other Deposit | 1,365,636 | |
| TOTAL | 15,215,555 | 12,231,632 |
| 2.12 - INVENTORIES | | |
| Stores | 19,770,859 | 17,886,948 |
| Raw Materials | 54,436,194 | 36,327,941 |
| Work in process | 26,790,050 | 19,445,500 |
| Finished Goods (Other than acquired in Trading) | 40,010,881 | 31,431,736 |
| Fuel | 877,647 | 1,030,051 |
| Branch stock | 1,804,029 | 900,000 |
| TOTAL | 143,689,660 | 107,022,176 |
| 2.13 - TRADE RECEIVABLES | | |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| Unsecured | - | - |
| Other Trade Receivables | 43,723,018 | 36,731,470 |
| Unsecured | | |
| TOTAL | 43,723,018 | 36,731,470 |
| 2.14 - CASH & CASH EQUIVALENTS | | |
| Cash on Hand | 1,245 | 322,420 |
| <u>Balance with Banks</u> | | |
| Canara Bank - Sungam Branch | 5,527 | 5,527 |
| Federal Bank of India | 11,519 | 11,519 |
| Indian Bank - Ramanathapuram | 73,130 | 869,332 |
| Catholic Syrian Bank | 42,749 | 42,749 |
| SBI Coimbatore | - | 4,125 |
| SIB-IFBR | - | 1,425 |
| State bank of Hyderabad | - | 866 |
| The Karur Vysya Bank Ltd | 10,514 | 10,531 |
| Vysya Bank Application Money | - | 100,440 |
| TOTAL | 144,684 | 1,368,934 |

SHREE KARTHIK PAPERS LIMITED

Amt in Rs.

| Particulars | As at June 30, 2015 | As at June 30, 2014 |
|---|------------------------|------------------------|
| 2.15 - SHORT TERM LOANS & ADVANCES | | |
| Advance to suppliers | - | 4,950,707 |
| Shree Vignesh Wind Mill P Limited | 210,000 | |
| Others | | |
| TDS Receivable | 72,858 | 60,739 |
| Other Advances | 657,613 | |
| TOTAL | 940,471 | 5,011,446 |

| Particulars | Year ended June 30, 2015 | Year ended June 30, 2014 |
|-------------|-----------------------------|-----------------------------|
|-------------|-----------------------------|-----------------------------|

| | | |
|---------------------------------------|--------------------|--------------------|
| 2.16 - Revenue from Operations | | |
| Sale of Products | 364,731,247 | 324,726,289 |
| TOTAL | 364,731,247 | 324,726,289 |

Note: Sale of Products

Sale of Product comprises
Paper

| | | |
|---|--------------------|--------------------|
| | 364,731,247 | 324,726,289 |
| Total Sale of Manufactured Goods | 364,731,247 | 324,726,289 |

2.17 Other Income

Other Income Comprises
Insurance (TRANSIT)
Interest (EB)
Misc incom

| | | |
|---------------------------|------------------|----------------|
| | 613,106 | 349,452 |
| | 728,582 | 607,393 |
| | - | 15,735 |
| Total Other Income | 1,341,688 | 975,580 |

2.18 Cost of Raw Material Consumed :

| | | |
|------------------------------|--------------------|--------------------|
| Opening Stock | 36,327,941 | 19,439,045 |
| Add : Purchases and Expenses | 248,993,102 | 224,883,625 |
| | 285,321,043 | 244,322,670 |
| Less : Closing Stock | 54,436,194 | 36,327,941 |
| Total | 230,884,849 | 207,994,729 |

2.19 Changes in Inventories of Finished Goods,

WIP & Stock - in - Trade

Inventories at the end of the year:

| | | |
|------------------|----------------------|----------------------|
| Finished goods | 38,564,909.60 | 32,331,736.60 |
| Work-in-progress | 26,790,050.00 | 19,445,500.00 |
| | 65,354,959.60 | 51,777,236.60 |

Inventories at the beginning of the year:

| | | |
|------------------|-----------------------|----------------------|
| Finished goods | 32,331,736.00 | 26,962,039.80 |
| Work-in-progress | 19,445,500.00 | 17,974,693.00 |
| | 51,777,236.00, | 44,936,733.00 |

| | | |
|--------------------------|------------------------|-----------------------|
| Net (Increase)/ Decrease | (13,577,723.60) | (6,840,503.00) |
|--------------------------|------------------------|-----------------------|

SHREE KARTHIK PAPERS LIMITED

| Particulars | Amt in Rs. | |
|--|-----------------------------|-----------------------------|
| | Year ended June 30, 2015 | Year ended June 30, 2014 |
| 2.20: Employee Benefits Expenses | | |
| Salaries and Wages | 11,847,039 | 11,770,775 |
| Contributions to provident and other funds | 622,358 | 623,896 |
| Bonus & Ex-gratia | 543,616 | 316,358 |
| Staff Welfare | 293,254 | 178,416 |
| Total | 13,306,267 | 12,889,405 |
| 2.21 Finance Costs | | |
| (a) Interest expense on: | | |
| (i) Team Loan - Car Loan | 119,509 | 111,244 |
| (iii) Working Capital Interest | 831,390 | - |
| - Interest on delayed / deferred payment of income tax | 577,278 | - 339,518 |
| - Bank Commission and Charges | - | - |
| (b) Other borrowing costs | 18,053,131 | 17,900,247 |
| (c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost) | - | - |
| Total | 19,581,308 | 18,351,009 |
| 2.22: Other Expenses | | |
| Stores, spares, tools dye stuffs | 8,170,047 | 7,431,951 |
| Machinery Maintenance | 8,054,502 | 7,619,311 |
| Office Maintenance | 16,957 | 10,815 |
| Office Equipment Maintenance | 24,633 | 130,391 |
| Electrical Maintenance | 1,074,035 | 655,651 |
| Vehicle Maintenance, Travelling & Etc | 624,922 | 597,702 |
| Rent | 1,104,000 | 792,000 |
| Power, fuel and water charges | 72,450,050 | 61,736,037 |
| Insurance | 241,485 | 268,569 |
| Rates and Taxes | 1,040,101 | 326,064 |
| Rebate, Commission and Discount | 208,697 | 116,275 |
| Packing and Forwarding | 7,052,491 | 65,73,498 |
| Advertisement | 29,600 | 32,690 |
| Postages, Telegrams and Telephone | 245,263 | 245,402 |
| General Expenses, Printing & Stationary ect | 646,971 | 695,030 |
| Remuneration to Auditors | 111,000 | 120,000 |
| Total | 101,094,753 | 87,351,386 |

SHREE KARTHIK PAPERS LIMITED

_Amt in Rs.

| Particulars | Year ended June 30, 2015 | Year ended June 30, 2014 |
|--|-----------------------------|-----------------------------|
| Notes:- | | |
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): | | |
| As auditors - statutory audit | 80,000 | 75,000 |
| For taxation matters | 25,000 | 25,000 |
| For company law matters | - | - |
| For management services | - | - |
| - For other services | 6,000 | 20,000 |
| Reimbursement of expenses | - | - |
| TOTAL | 111,000 | 120,000 |

2.23 Quantitative Information

| | 30.06.2015 | | 30.06.2014 | |
|-------------------------------------|---------------|-----------------|---------------|-----------------|
| | Qty. in MT | Value in Rs. | Qty. in MT | Value in Rs. |
| I) MANUFACTURING ACTIVITY :- | | | | |
| Installed Capacity and Production | | | | |
| a. Installed Capacity MT | 13,350 | | 13,350 | |
| b. Actual Production MT | 12,643 | | 10,434 | |
| Sale of Finished Goods – Paper | 12,415 | 36,47,31,247 | 10,372 | 32,47,26,440 |
| Raw Material Consumption : | | | | |
| Waste Paper – Indigenous | 14,104 | 23,08,84,849 | 16,060 | 20,79,94,729 |
| Chemical | | 1,70,76,976 | | 1,66,94,400 |
| Stock of Finished Goods | 725 | 3,85,64,910 | 642 | 3,23,31,736 |

2.24. 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.

2.25. RELATED PARTY TRANSACTION

a) List of related parties :-

i) Key Management Personnel

M S Velu - Managing Director

Vignesh Velu –Director

ii) Other Related Parties

Shree Ganesh Gears Private Limited

b) Transactions with Related Parties :-

Key Managerial Personnel

| | |
|--|-------------|
| Remuneration to Director Mr.Vignesh Velu | 24,00,000 |
| Interest paid to M.S.Velu | 1,71,30,858 |
| Interest paid to Vignesh Velu | 10,25,549 |
| Interest paid to Smt.S.S.velu | 12,20,735 |

SHREE KARTHIK PAPERS LIMITED

b). Transactions with Related Parties (Contd.):-

Rs.

Key Managerial Personnel

Unsecured Loan O/s. as on 30.06.2015

| | |
|------------------------------|--------------|
| M S Velu - Managing Director | 13,61,01,378 |
| Vignesh Velu –Director | 2,06,15,976 |
| Smt S.S. Velu – Director | 1,77,00,623 |

Other Related Parties

- Relationship : Associate Company Shree Ganesh Gears Pvt.,Ltd
- Nature of Transactions : Purchase of wind energy power 40,61,736
- Outstanding balance as on 30.06.2015 : (1,08,06,835)
- Amount Paid during the year : 37,84,360

2.26. 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

2.27. EXPENDITURE IN FOREIGN CURRENCY

- Value of imports on CIF basis during the year NIL
- Expenditure in Foreign Currency during the year NIL
- Earnings in Foreign Currency during the year NIL

2.28. DETAILS OF REMUNERATION TO DIRECTORS:

| Particulars | 30.06.2015 | | | 30.06.2014 | | |
|-------------|------------|----------|------------|------------|----------|------------|
| | MD | Director | E Director | MD | Director | E Director |
| Salary | Nil | Nil | 24,00,000 | Nil | Nil | 24,00,000 |
| Perquisites | Nil | Nil | Nil | Nil | Nil | Nil |

2.29. SALES

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

2.30. 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.

2.31 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.

2.32. The company is not covered by ESI regulation.

(Sd./-) **M.S. VELU**
Chairman and Managing Director
DIN : 0168208

(Sd./-) **Mrs. S.S VELU**
Director
DIN : 01740974

As per our report of even date
For **Giri & Co.,**
Chartered Accountants
F.R.No. 006702S

(Sd./-) **R. GIRI**
Senior Partner
M.No 025458

Place : Coimbatore
Date : 14.08.2015

SHREE KARTHIK PAPERS LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements:-

The Accompanying financial statements have been prepared on a going concern basis under the historical cost convention on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles in India (" India GAAP)

1.2 Valuation of Inventories:-

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

1.3 Fixed Assets:-

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

Advances paid towards the acquisition or construction of fixed Assets and the cost of assets not put to use as at the reporting date are disclosed under Capital Work in progress.

1.4. Depreciation.

Depreciation on tangible assets has been provided on Straight Line Method over the useful life in the manner prescribed in the schedule II of the companies Act 2013 effective from 1st April 2014, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on addition to assets or on sale/discardment of assets, is calculated

on pro-rata from the month of such addition or upto the month of such sale/discardment, as the case may be.

1.5. Investments

Investments being long term are stated at Cost..

1.6. Retirement Benefits

Provision for gratuity has been made for the eligible employee.

1.6. 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.

1.7. Deferred Tax

Deferred tax is recognized on timing difference between accounting income and the taxable income for the period and reversal of timing differences of earlier periods and quantified using the tax rates and laws that have been enacted/ substantively enacted as at the Balance Sheet date. The deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that these would be realized in future.

1.8. Provisions, Contingent Liabilities and contingent Assets:

Provision is recognized only when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent liabilities have not been provided for. The same will be met as and when they arise. Contingent Assets are neither recognized nor disclosed in the financial statements.

(Sd./-) M.S. VELU
Chairman and Managing Director
DIN : 0168208

(Sd./-) Mrs. S.S VELU
Director
DIN : 01740974

As per our report of even date
For **Giri & Co.,**
Chartered Accountants
F.R.No. 006702S

(Sd./-) R. GIRI
Senior Partner
M.No 025458

Place : Coimbatore
Date : 14.08.2015

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SHREE KARTHIK PAPERS LIMITED

CIN : L2102TZ1991PLC003570

Registered office: 25, 50 Feet Road, Krishnasamy Nagar Ramanthapuram, Coimbatore-641 045
Phone No: 0422 4217174 Fax : 0422 0422 4217178 Email ID : shreekarthikpapers@yahoo.com

PHYSICAL BALLOT FORM

(Please read the instructions printed overleaf carefully before completing this form)

| |
|--|
| 1. Registered Folio No./ DP ID No. & Client ID No. * *(Applicable to investors holding shares in dematerialized form) |
| 2. Name(s) and Registered Address of the sole/first named Shareholder/Beneficial owner, including Joint holder(s), if any (in block letters) |
| |
| 3. Class and Number of shares held |

I / We hereby exercise my/our votes in respect of the resolutions set out in the notice of the Twenty Fourth Annual General Meeting dated 06th August 2015 by sending my/our assent or dissent to the said resolutions by placing the tick (✓) mark at the appropriate box below:

| Reso- lution NO. | Resolution | Vote (Optional see Note 2) (Please mention no. of shares) | | |
|--------------------------|---|--|--------------------------|--------------------------|
| | | No. of Shares | For | Against |
| Ordinary Business | | | | |
| 1 | Approval of Financial Statements for the year ended 31 st March, 2015, the Report of the Board of Directors and the Report of the Auditors thereon. | | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Appointment of Director in the place of Smt. Selvambal Sengottu Velu (holding DIN 01740974) who retires by rotation and being eligible, offers herself for re-appointment | | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Ratification of appointment of Auditors and to fix their remuneration (Firm Registration No. 006702S) | | <input type="checkbox"/> | <input type="checkbox"/> |

Place :

Date :

Signature of the Shareholder
(Refer instruction No.2. over leaf)

** Email ID.....

** To be provided by the members holding Equity Shares in physical form

(PTO)

INSTRUCTIONS

Process and manner for members opting to vote by using the Physical Ballot Form:

1. Please complete and sign the Ballot Form and send it, so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Sri. S. Rengasamy, Practicing Company Secretary, (Membership No.3871) not later than the close of working hours (5.00 P.M.) on 29th December, 2015. The envelope containing the Physical Ballot Form, shall be deposited in person or sent by Courier or Registered/Speed Post by the member to the Scrutinizer: **Sri. S. Rengasamy, Practicing Company Secretary, Scrutinizer, 25, 50 Feet Road, Krishnasamy Nagar Ramanthapuram, Coimbatore-641 045** Physical Ballot Form received after 29th December, 2015. (5.00 P.M) will be strictly treated as if the reply from the member has not been received.
2. The form should be signed by the member as per the specimen signature registered with the company / Depository Participants. In case of joint holding, the form should be completed and signed by the first named member and in his / her absence, by the next named joint holder. There will be one form for every Folio / Client ID irrespective of the number of joint holders. A Power of Attorney (POA) holder may vote on behalf of a member, mentioning the registration number of the POA or enclosing an attested copy of the POA. Exercise of vote is not permitted through proxy.
3. For shares held by Companies, Bodies Corporate, Trusts, Societies, etc. the duly completed form should be accompanied by a certified true copy of the board resolution / authorization together with attested specimen signature(s) of the duly authorized signatory(ies).
4. Votes should be cast, in case of each resolution, either in favour or against by putting the tick (3) mark in the column provided for assent/dissent. Members may partially enter any number in iFORi and partially in iAGAINSTi but the total number in iFOR/AGAINSTi taken together should not exceed the member's total shareholding. If the shareholder does not indicate either iFORi or iAGAINSTi in case of any resolution, it will be treated as iABSTAINi for that resolution and the shares held will not be counted under either head.
5. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the company as on 23rd December, 2015 (cut off date) as per the Register of Members of the Company and as informed to the Company by the Depositories in case of beneficial owners.
6. A member may request for a duplicate Ballot Form, if so required. However, the duly filled in and signed duplicate form should reach the Scrutinizer not later than the date specified at Sr.No.1 above.
7. Unsigned, incomplete, improperly or incorrectly tick marked ballot forms will be rejected. A form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the member or the number of votes or as to whether the votes are in favour or against or if the signature cannot be verified.
8. The Scrutinizer's decision on the validity of a ballot will be final.
9. Members are requested not to send any other paper along with the Ballot Form. Any other paper found with the Ballot Form would be destroyed. Members are also requested not to write anything on the Physical Ballot Form except giving their name, registered address, no. of shares, assent or dissent and putting their signature.
10. The results of the voting shall be declared within 3 days of conclusion of the Annual General Meeting of the Company. The results declared, along with the Scrutinizer's Report, shall be placed on the Website of CDSL and communicated to the Bombay Stock Exchange where the Company is listed immediately after the Chairman and Managing Director declares the result.

Notes:

1. This ballot form is provided for the benefit of members who do not have access to e-voting facility, to enable them to send their assent or dissent by post.
2. A member can opt for only one mode of voting, i.e. either by post or through e-voting. If a member casts votes by both modes, then voting done through e-voting shall prevail and Physical Ballot Form of that member shall be treated as invalid.
3. For detailed instructions on e-voting, please refer to the notes appended to the Annual General Meeting Notice.
4. The Scrutinizer will collate the votes downloaded from the e-voting system, votes received through post and the votes cast at the AGM to declare the final result for each of the resolutions forming part of the Annual General Meeting Notice.

SHREE KARTHIK PAPERS LIMITED

CIN : L2102TZ1991PLC003570

Registered Office : 25, 50 Feet Road, Krishnaswamy Nagar
Ramanathapuram, Coimbatore-641045

Phone: 0422 – 4217174 Fax.No: 0422 – 4217178

Email.Id : shreekarthikpapers@yahoo.com

SHREE KARTHIK PAPERS LIMITED

CIN : L2102TZ1991PLC003570

Registered office: 25, 50 Feet Road, Krishnasamy Nagar
Ramanthapuram, Coimbatore-641 045

Phone No: 0422 4217174 Fax : 0422 0422 4217178

Email ID : shreekarthikpapers@yahoo.com

FORM NO. MGT - 11 PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name & Address of
the member(s):

I/We being the member(s) holding shares of the above named Company, hereby appoint:

- 1) Name :
Address :
Email ID : Signature or failing him/her
- 2) Name :
Address :
Email ID : Signature or failing him/her
- 3) Name :
Address :
Email ID : Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company, to be held on Monday, the 30th December, 2015 at 03.00 p.m. at Sree Annapoorna Kalai Arangam, Ganga Hall, East Arokiasamy Road, R.S. Puram, Coimbatore-641002, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

~~✂~~ -Cut here- P.T.O.

Electronic Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising

| EVSN (Electronic Voting Sequence Number) | Sequence No |
|---|-------------|
| | |

~~✂~~ -Cut here-

SHREE KARTHIK PAPERS LIMITED

CIN : L2102TZ1991PLC003570

Registered office: 25, 50 Feet Road, Krishnasamy Nagar
Ramanthapuram, Coimbatore-641 045

Phone No: 0422 4217174 Fax : 0422 0422 4217178

Email ID : shreekarthikpapers@yahoo.com

Folio No. / Demat ID : No. of
Name of the Member : shares held :
Name of the Proxy :

ATTENDANCE SLIP

Attendance by

- Member
 Proxy
 Authorised Representative

Please ✓ the appropriate box

I hereby record my presence at 24th Annual General Meeting being held on Wednesday, 30th December, 2015 at Sree Annapoorna Kalai Arangam, Ganga Hall, East Arokiasamy Road, R.S. Puram, Coimbatore-641002, Tamilnadu

* Strike out whichever is not applicable

Signature of Member / Proxy*

| Resolution Number | Resolution | Vote (Optional see Note 2) (Please mention no. of shares) | | |
|--------------------------|---|--|---------|---------|
| | | For | Against | Abstain |
| Ordinary Business | | | | |
| 1 | Approval of Financial Statements for the year ended 31 st March, 2015, the Report of the Board of Directors and the Report of the Auditors thereon. | | | |
| 2 | Appointment of Director in the place of Smt. Selvambal Sengottu Velu (holding DIN 01740974) who retires by rotation and being eligible, offers herself for re-appointment | | | |
| 3 | Ratification of appointment of Auditors and to fix their remuneration (Firm Registration No. 006702S) | | | |

Signed this day of 2015

Signature of shareholder :

Signature of Proxy holder (s) :

| |
|--------------------------------|
| Affix ₹1/- Revenue Stamp |
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Note :

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem applicable.

Route Map of AGM Venue

