

## CONTENTS

Notice .....	3
Financial Performance for the past five years .....	5
Directors' Report.....	6
<i>Standalone:</i>	
1. Auditors' Report .....	22
2. Balance Sheet .....	26
3. Statement of Profit and Loss .....	27
4. Cash Flow Statement .....	28
5. Notes to Financial Statements.....	29
Statement pursuant to Section 212 of the Companies Act, 1956 .....	46
<i>Consolidated:</i>	
1. Auditors' Report .....	47
2. Balance Sheet .....	48
3. Statement of Profit and Loss .....	49
4. Cash Flow Statement .....	50
5. Notes to Financial Statements.....	51
Attendance Slip and Proxy Form.....	64
Mandate Form .....	66

# KARUR K. C. P. PACKKAGINGS LIMITED

Registered Office : No. 1, First Floor, Bhagath Singh Street, (Behind Standard Ice Factory),  
Bharathipuram, Puducherry – 605 011.

## TWENTY THIRD ANNUAL REPORT 2012 - 2013

<b>Board of Directors</b>	:	<b>Shri K.C. Pallani Shamy</b> , Chairman & Managing Director <b>Shri K.C.P. Shivraman</b> , Joint Managing Director <b>Smt. P. Annammal</b> , Non – Executive Director <b>Shri K. Palaniappan</b> , Independent – Non Executive Director <b>Dr. K. Mohan</b> , Independent – Non Executive Director <b>Shri V.S. Murali Kriishnan</b> , Independent – Non Executive Director
<b>Auditors</b>	:	<b>M/s. MSS SRIRAM &amp; Co.,</b> <b>Chartered Accountants, Karur.</b>
<b>Company Secretary &amp; Compliance Officer</b>	:	<b>Shri V. Venkatesan</b>
<b>Bankers</b>	:	<b>1. State Bank of India, Commercial Branch, Coimbatore.</b> <b>2. The Karur Vysya Bank Limited, Karur.</b> <b>3. The Karnataka Bank Limited, Karur.</b> <b>4. Central Bank of India, Karur.</b> <b>5. Andhra Bank, Coimbatore.</b> <b>6. Union Bank of India, Coimbatore.</b> <b>7. ICICI Bank Limited, Coimbatore.</b> <b>8. The Shamrao Vithal Co-Operative Bank Limited, Mumbai.</b>
<b>Registrar &amp; Share Transfer Agents</b>	:	<b>S.K.D.C Consultants Limited,</b> <b>Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy,</b> <b>Coimbatore – 641 006.</b> <b>Phone : +91 422 6549995, 2539835 - 836</b> <b>E-mail : info@skdc-consultants.com</b>
<b>Registered Office</b>	:	No. 1, First Floor, Bhagath Singh Street, (Behind Standard Ice Factory), Bharathipuram, Puducherry – 605 011.
<b>Corporate Office</b>	:	330/1, Chinna Andan Koil Road, Karur – 639 001, Tamilnadu.
<b>Plants</b>	:	<b>Paper Division</b> 662/2, Marichinaickenpalayam, Pollachi – 642 103, Tamil Nadu. <b>Paper Bag Division</b> 662/1, Marichinaickenpalayam, Pollachi – 642 103, Tamil nadu. <b>Polypropylene Bag &amp; FIBC Division</b> S.F. 199-202, Trichy Main Road, Mayanur, Krishnarayapuram Taluk, Karur District – 639 108, Tamil Nadu. <b>Wind Mills</b> S.F.305/2,304/1 (P), Pulankinar Village Udmalpet Taluk, Tirupur District, Tamil Nadu. S.F. No.23, Thungavi Village, Madathukulam Taluk, Tirupur District, Tamil Nadu.

## KARUR K. C. P. PACKKAGINGS LIMITED

Registered Office : No. 1, First Floor, Bhagath Singh Street, (Behind Standard Ice Factory),  
Bharathipuram, Puducherry – 605 011.

### CORPORATE TEAM

Chief Executive Officer	:	Shri K. C . Pallani Shamy
Chief Financial Officer	:	Shri K.C.P. Shivraman
President Administration	:	Smt. SR.Sudhaa

#### Board Committees

Audit Committee	:	Shri K. Palaniappan, Chairman Dr. K. Mohan Shri V.S. Murali Kriishnan,
-----------------	---	--

Share holders / Investors Grievance Committee	:	Shri K. Palaniappan, Chairman Shri K.C.P.Shivraman Dr. K. Mohan
--	---	---

Remuneration Committee	:	Shri K.Palaniappan, Dr. K. Mohan Shri V.S. Murali Kriishnan,
------------------------	---	--

Corporate Management Team	:	Shri S. Pasupathy, General Manager – Commercial
---------------------------	---	--

Shri K. Govindarajan,  
Deputy General Manager -  
Personnel & Purchase

#### Chief Executives

Paper & Paper Bag Division	:	Shri C.Karunanithi Chief General Manager
----------------------------	---	---

Shri V.Sudharson  
General Manager – Commercial

Polypropylene Bag & FIBC Division	:	Shri B.K. Ladha President – Marketing
		Shri G. Kumar General Manager – Operations

Shri T. Madhaiyan  
General Manager – Works

Shri R. Subramanian  
Assistant General Manager

# NOTICE TO SHAREHOLDERS

## **KARUR K. C. P. PACKKAGINGS LIMITED**

**Registered Office : No. 1, First Floor, Bhagath Singh Street, (Behind Standard Ice Factory),  
Bharathipuram, Puducherry – 605 011.**

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the members of Karur K. C. P. Packkagings Limited, will be held on **Monday, the 30th September, 2013 at 9.30 A.M at No. 1, First Floor, Bhagath Singh Street, (Behind Standard Ice Factory), Bharathipuram, Puducherry – 605 011**, to transact the following business.

### **Ordinary Business**

1. To receive, consider and adopt the Audited Balance Sheet as at **31st March, 2013** and the Statement of Profit and Loss for the year ended **31st March, 2013** and the Reports of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of **Dr. K. Mohan**, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of **Shri V.S. Murali Kriishnan**, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors' and to fix their remuneration.

**By order of the Board,**

Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**V. VENKATESAN**  
**Company Secretary**

## Notes:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of himself on a poll, and the proxy need not be a member of the Company. The proxy to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. The Register of members and the Share Transfer Books of the Company shall remain closed from 24th September, 2013 to 30th September, 2013 (both days inclusive).
3. Shareholders holding shares in physical form are requested to advise any change in their address immediately to the Company's Registrar and Share Transfer Agents, M/s. S. K. D. C Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore- 641 006. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company. Members who are holding shares under more than one folio may approach the Company's Share Transfer Agent for consolidation.
4. Members are hereby advised that the Dividend declared up to the financial year 2011-12 amounting to ₹ 2,44,401/- is lying unclaimed. The same is obtained from the Company or from the Company's Registrar and Share Transfer Agents, M/s. S. K. D. C Consultants Limited.
5. Members are requested to bring their copy of Annual Report while attending the Annual General Meeting.
6. Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, brief resume and functional expertise of the Directors proposed for appointment / reappointment is furnished below along with details of the Companies in which they are Directors and the Board Committees of which they are members.

**a. Dr. K. Mohan**

Aged about 63 Years, **Dr. K. Mohan** is a Post graduate in Medicine and practicing as a Specialist in general medicine. He has kept himself abreast about the market & demand trends, obtaining data from various types of industries due to his regular interaction with industrialists. He is not holding directorship / membership of committee of directors in any other public limited company. He doesn't hold any shares in the company.

**b. Shri V.S. Murali Kriishnan**

Aged about 38 years, **Shri V.S. Murali Kriishnan** is a commerce graduate. He hails from a family engaged in trading of packaging materials and wastes arising from polypropylene and paper bags. He is not holding directorship / membership of committee of directors in any other public limited company. He doesn't hold any shares in the Company.

**By order of the Board,**

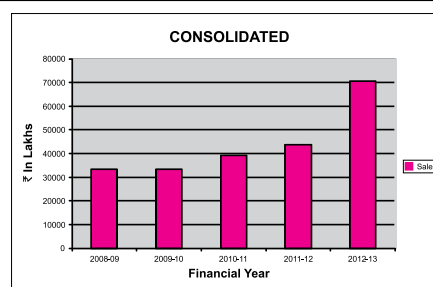
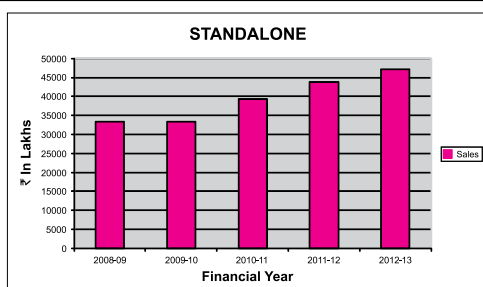
Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**V. VENKATESAN**  
**Company Secretary**

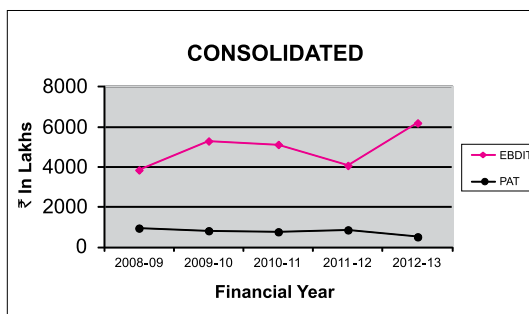
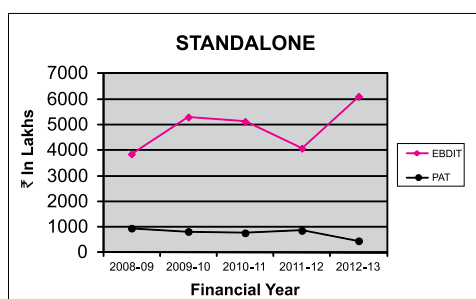
## FINANCIAL PERFORMANCE FOR THE PAST 5 YEARS

	Standalone				₹ In Lakhs	Consolidated
FINANCIAL YEARS :	2008-09	2009-10	2010-11	2011-12	2012-13	2012-13
Sales	33,404	33,347	39,294	43,703	47,152	70,469
Earnings Before Depreciation, Interest and Tax (EBDIT)	3,854	5,296	5,124	4,075	6,124	6,222
Interest & Financial Charges	2,711	2,659	2,666	2,663	3,783	3,817
Depreciation, Preliminary/ FCCB/ GDR Expenses written off	1,030	1,038	1,161	1,124	1,525	1,525
PBT Before Exceptional Items	113	1,599	1,297	288	816	880
PBT	1,542	1,454	1,272	1,136	811	875
PAT	950	820	767	861	456	516
Equity Capital	1,000	1,000	1,125	1,125	1,125	1,125
Earning Per Share (₹)	9.5	8.2	7.6	7.7	4.1	4.6
Book Value Per Share (₹)	84.6	92.3	133.3	139.7	142.8	143.4

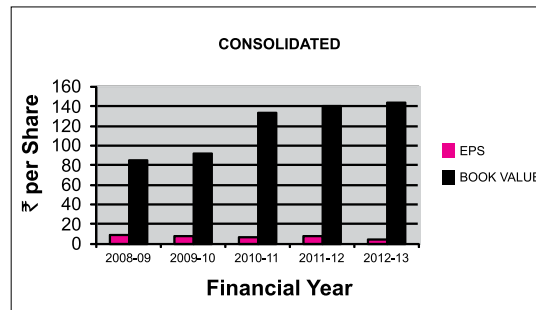
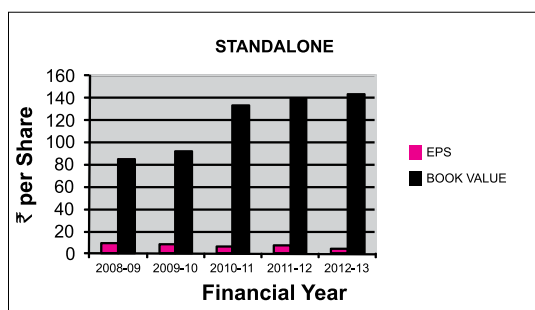
### Sales Growth Chart ►



### Profitability Growth Chart ►



### Shareholders' Value ►



The wholly owned subsidiary M/s Shriudha Ventures Pte Ltd, Singapore was incorporated on 9th April, 2012 and hence, the consolidated financial statements have been prepared for the first time for the financial year 2012-13.

Your Directors have pleasure in presenting the **Twenty Third Annual Report** of your Company and the **Audited Statements of Accounts** for the year ended **31st March, 2013**.

**I. FINANCIAL RESULTS:-**

DESCRIPTION	2012-13 (₹ in Lakhs) (Consolidated)	2012-13 (₹ in Lakhs) (Standalone)	2011-12 (₹ in Lakhs) (Standalone)
SALES - Domestic	38270	38270	35463
- Exports	8882	8882	8240
- Trading	23317	-	-
Total	70469	47152	43703
Operating Profit	6222	6124	4075
Less:- Financial charges	3817	3783	2663
Profit Before Depreciation, Preliminary / FCCB & GDR Expenses W/o	2405	2341	1412
Depreciation , Preliminary / FCCB & GDR Expenses W/o	1525	1525	1124
Profit Before Exceptional Items	880	816	288
Exceptional Items	5	5	848
Net Profit Before Tax	875	811	1136
Less : Provision for Taxation	92	88	199
Less : Provision for Deferred Tax	267	267	76
Profit After Tax	516	456	861
Add : Balance brought forward	5867	5867	5437
Profit available for appropriation	6383	6323	6298
Appropriation:			
Proposed Dividend	113	113	113
Corporate Dividend Tax	18	18	18
Transfer to Reserve	300	300	300
Balance Profit carried to Balance sheet	5952	5892	5867
Earnings per share: (Face Value ₹ 10/-)			
Basic (₹)	4.59	4.05	7.65
Diluted (₹)	4.09	3.62	6.87

**II. PERFORMANCE:-**

Standalone Performance :

- ❖ The Turnover during the year under review was ₹ 471.52 Crores as against ₹ 437.03 Crores for the previous year, a growth of 7.89% over the previous year. Increase in revenue was due to rise in volumes and prices as well. During the year under review, exports were higher by 7.79 % at ₹ 88.82 crores.
- ❖ Profit before tax was ₹ 8.11 crore as against ₹ 11.36 crores for the previous year, a decrease of 28.61%.
- ❖ FCC Bonds which are maturing on 27th April, 2011 have been extended by another 5 years to 26th April, 2016. Besides, Bonds carrying 7% YTM got reduced to 5%YTM. The Company is confident of generating sufficient cash flows at maturity if the bond holders opt for redemption on due date.
- ❖ The Company is having 3.30 MW Windmills capacity and its generation is being adjusted in its FIBC & PP Division.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

- ❖ The Company installed 10 MW Co-gen captive power plant at Pollachi, Tamilnadu, India during November, 2012. With this addition the Company's power and fuel cost will get reduced substantially in forthcoming years. The Company can also generate additional income by selling the Power.

A more detailed discussion is provided in the Management Discussion and Analysis Report.

### III. DIVIDEND:-

The Board of Directors are pleased to recommend a tax free dividend @ 10% (previous year 10%) on the Equity Share Capital absorbing a quantum of ₹ 112.50 lakhs for the financial year ended 31st March, 2013.

### IV. CORPORATE GOVERNANCE:-

Necessary measures have been taken to comply with the requirements of the Listing Agreements with the Stock Exchanges where the Company's Shares are listed. The report on Corporate Governance is included as a part of the Directors' Report.

A Certificate from the Auditors of the Company regarding Compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

### V. INFORMATION PURSUANT TO SEC. 217:-

a) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, RESEARCH AND DEVELOPMENT:-

Information under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors), Rules, 1988 and forming part of the Directors' Report.

The Company has incurred ₹ 7.96 Lakhs (Previous Year ₹ 5.21 Lakhs) towards the recurring expenditure on Research and Development. The R & D expenditure as a % of sales is 0.017% ( Previous Year 0.011%)

b) PARTICULARS OF EMPLOYEES:-

No employees of the Company was in receipt of remuneration in excess of sum prescribed under Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975, during the financial year 2012-13.

c) DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that;

- ❖ In the preparation of the annual accounts for the F.Y. 2012-13, the applicable accounting standards had been followed and there are no material departures;
- ❖ Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the Profit of the Company for the financial year ended 31st March, 2013;
- ❖ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ❖ The financial statements have been prepared on a going concern basis.

### VI. PUBLIC DEPOSITS:-

The Company had not accepted / invited or held any deposits and does not hold any deposits from the public on date.

### VII. LISTING WITH STOCK EXCHANGES:-

The Shares of the Company are listed with the following Stock Exchanges:

a) **Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers, 25<sup>th</sup> Floor, Dalal Street, Mumbai – 400 001.



**b) Madras Stock Exchange Limited**

Exchange Building, P. B. No. 183, 11, 2<sup>nd</sup> Line Beach, Chennai – 600 001.

**c) Cochin Stock Exchange Limited**

MES Dr. P. K. Abdul Gafoor Memorial Cultural Complex, 36/1565, 4<sup>th</sup> Floor, Judges Avenue, Kaloor, Cochin – 682 017.

**d) Coimbatore Stock Exchange Limited**

Stock Exchange Building, 683 – 686, Trichy Road, Singanallur, Coimbatore – 640 005.

The Company has paid the annual Listing fees for the period 2013 - 2014 to Bombay Stock Exchange Limited, Madras Stock Exchange Limited, Cochin Stock Exchange Limited while in respect of Coimbatore Stock Exchange, fees has not been paid, since the demand notice has not been received yet.

The **Foreign Currency Convertible Bonds and Global Depository Receipts** of the Company are listed with **Luxembourg Stock Exchange**, R.C.B, 6222, B.P 165 L-2011, Luxembourg.

### VIII. WHOLLY OWNED SUBSIDIARY COMPANY :-

The Company has a Wholly Owned Subsidiary Company in the name M/S Shriudha Ventures Pte Ltd, which has been incorporated on 9th April, 2012 in Republic of Singapore for the purpose of carrying the business of importers, exporters, whole salers and agents of Urea, Packaging materials and other general commodities.

### IX. DIRECTORS:-

**Dr. K.Mohan and Shri V.S. Murali Kriishnan** retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### X. AUDITORS:-

M/s. MSS SRIRAM & Co., Chartered Accountants, Karur, the Company's Auditors, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. They are recommended for reappointment. You are requested to appoint the Auditors and fix their remuneration.

### XI. COST AUDITOR:-

Shri B. Venkateswar, Cost Accountant, had been appointed by the Company to conduct the Cost Audit in respect of Paper and Paper Products for the financial year 2012-13, whose appointment has been approved by the Central Government. The Cost Audit Report for the financial year ended 31st March, 2013 had been e-filed with the Ministry of Corporate Affairs, New Delhi, Vide, SRN S 20300505 dated 19th February, 2013.

Pursuant to Section 233-B(2) of the Companies Act, 1956, your Directors, on the recommendation of the Audit Committee and subject to the approval of the Central Government, have appointed Shri B. Venkateswar, Cost Accountant, Coimbatore, as the Cost Auditor to conduct the Cost Audit of Paper and Paper products, for the financial year ending 31st March, 2014.

### XII. BANKERS

The Board of Directors thanks the Consortium of Bankers consisting of State Bank of India (Lead Bank), The Karur Vysya Bank Limited, The Karnataka Bank Limited, Central Bank of India, Andhra Bank, Union Bank of India, ICICI Bank Limited and The Shamrao Vithal Co-Operative Bank Limited, who have supported the Company for the credit requirements.

### XIII. ACKNOWLEDGEMENT:-

The Directors thank the Customers, Bankers, Suppliers and the Shareholders for their continued support and also recognize the contribution made by the employees to the Company's progress during the year under review.

**On Behalf of the Board**

Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**K. C. PALLANI SHAMY**  
Chairman

FORM – A

I DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY CONSOLIDATED FOR ALL UNITS

DESCRIPTION	Current year 31st March, 2013	Previous Year 31st March, 2012
<b>A. Power and Fuel Consumption</b>		
<b>a) Electricity</b>		
Purchased (Units)	1,91,86,399	2,74,52,884
Total Amount (₹)	16,68,59,331	16,30,61,437
Rate / Unit (₹)	8.70	5.94
<b>b) Own generation (Generator)</b>		
Captive Consumption (Units)	6,13,592	27,42,008
Total Amount (₹)	75,76,629	2,95,23,427
Rate / Unit (₹)	12.35	10.77
Diesel Consumed (Litres)	1,99,217	8,37,004
<b>c) Own generation (Co Gen)</b>		
Captive Consumption (Units)	1,50,46,790	-
Total Amount (₹)	7,03,56,295	-
Rate / Unit (₹)	4.68	-
Diesel Consumed (Litres)	23,774	-
<b>d) Wind Mills Generation</b>		
Captive Consumption (Units)	79,05,191	74,33,456
Total Amount (₹)	4,57,89,223	3,11,78,379
Rate / Unit (₹)	5.79	4.19
<b>B. Consumption per M.T. of Production</b>		
Electricity – Units	Units/M.T.	Units / M.T.
- Paper & Paper bags	1026.03	1011.55
- PP & FIBC bags	1250.58	1227.43

**II. Technology Absorption, Adaptation and Innovation**

Research and Development activities are carried out on an ongoing basis for improving the efficiency and also for improving quality of products.

**III. Foreign Exchange Earnings & Outgo**

	<b>2012 – 13</b> (₹ In Lakhs)	<b>2011 – 12</b> (₹ In Lakhs)
a) Earnings	8882	8240
b) Outgo	8713	8849

**On behalf of the Board**

Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**K. C. PALLANI SHAMY**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

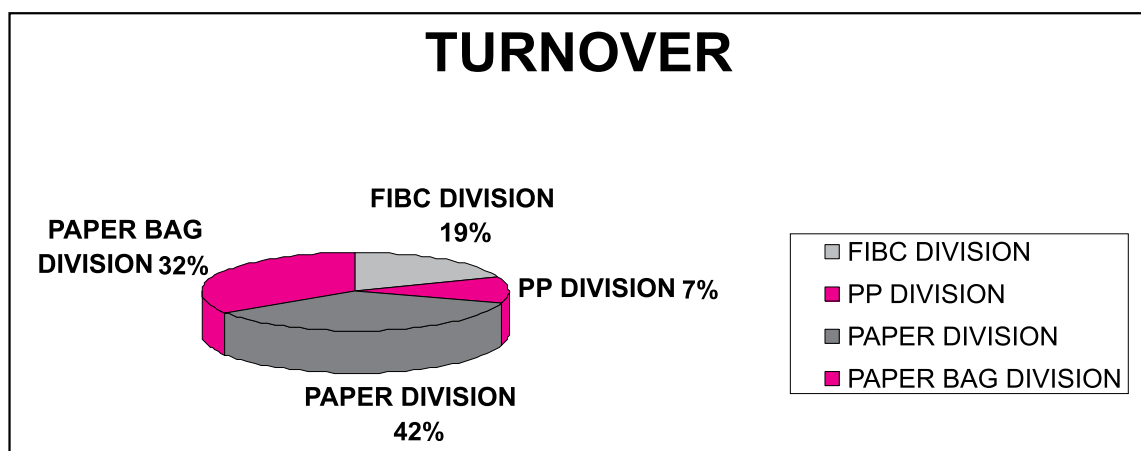
### Review of Karur K.C.P. Packagings Limited's Business

Your Company had achieved a Turnover during the year under review was ₹ 471.52 crores as against ₹ 437.03 Crores for the previous year, a growth of 7.89% over the previous year. Increase in revenue was due to rise in volumes and prices as well. During the year under review, exports were higher by 7.79 % at ₹ 88.82 crores.

The increase in turnover from all the divisions except PP division had contributed to the increase in total turnover. The division wise turnover of the Company is shown hereunder:-

Sl. No.	Description	Turnover 2012 -13	Turnover 2011 - 12
(₹ In Lakhs)			
1.	Paper Division	19556	15941
2.	Paper Bags	15198	14888
3.	PP Bags	3516	4634
4.	FIBC Bags	8882	8240
	<b>Total</b>	<b>47152</b>	<b>43703</b>

Turnover of the Company for the year ended 31st March, 2013 was ₹ 47152 Lakhs as shown in the below chart:-



- ❖ The FIBC division of the Company had performed extremely well in F.Y 2012-13 with the increased production and sales. The increase was mainly due to improved utilization of the available capacity and extra focus on marketing. The Company has started expanding the capacity of FIBC division to meet the potential demand from this segment. The turnover of FIBC division is expected to go up further in the current financial year 2013-14.
- ❖ The Paper bag division production and sales volume in F.Y 2012-13 had increased by 2.08%. The increase in sales value was mainly due to increase in unit price and duty component.
- ❖ The ESK Paper division production and sales was increased both in terms of volume and value. 80% of its production goes for captive consumption.
- ❖ The decline in PP division production and sales was mainly due to part utilization of its capacity for FIBC where the demand and profit is high.

We expect your Company to achieve higher growth both in terms of turnover and profit in the years to come.

**a) Industry Scenario and Development:-**

As the Company's major products, namely, Paper bags and PP bags are supplied to Cement Industries; the growth of your Company is directly proportion to the growth of the Indian Cement industries. Due to major infrastructure developments and growth in housing sector, the Indian Cement industries are growing at 7% to 8% on year to year basis. This growth will directly help your Company too for its growth.

**b) Opportunities & Threats:-**

**The opportunities of the Company are:-**

1. Growth in export market and generation of co-gen power will help the Company for its growth.
2. The increase in ESK Paper capacity, your Company will be able to substitute the imported ESK Paper in Indian market. Also, the Company will have surplus ESK Paper to export to South East Asian countries.
3. Large and growing domestic paper bags market and polypropylene bags market.
4. Favourable Government policies and Public awareness about the environment will help the industry for its additional sales of paper bags.
5. Increasing demand for your Company's products will increase the market share of the Company.
6. The better customer service to major cement industries will enable the Company's growth.

**The following are the threats to the Company:-**

1. The wide fluctuation in the exchange rate, particularly against US Dollar has adversely affected the Company profitability. However, due to export earnings, the Company has a natural hedging against this fluctuation.
2. Paper manufacturing depends largely on availability of imported raw materials. Price movement of imported pulp, influenced by the local demand / supply equilibrium, is always a matter of concern.
3. The major players, alive to the fast emerging international threats, have been aggressively pursuing quality improvement programmes, coupled with cost management and capacity additions. Increasingly, more up-to-date technologies are sought to be implemented, with added focus on environmental regulations.

**c) Segmental Information:-**

The Company has increased its Paper and Paper Bag Division Turnover by ₹ 3925 Lakhs

The comparative segment-wise Production and Sales are given below:-

PRODUCT	2012-13	2011-12
<b>PAPER DIVISION:-</b>		
Production (M.T.)	31314	29228
Sales (M.T.)	30443	30650
Sales – Including Others (₹ In Lakhs)	19556	15941
<b>PAPER BAG DIVISION :-</b>		
Production (Lakhs Bags)	962	953
Sales (Lakhs Bags)	962	953
Sales (₹ In Lakhs)	15198	14888
<b>PP &amp; FIBC BAG DIVISION:-</b>		
Production (M.T.)	8494	9406
Sales (M.T.)	8509	9352
Sales (₹ In Lakhs)	12398	12874

### d) Outlook:-

The Company has a wide range of products, i.e., ESK Paper, Paper bags, PP bags and FIBC bags. This has given more flexibility to the Company for its growth.

The power situation in Tamil Nadu is very precarious. However, your Company has ventured into power sector at right time. The 10 MW Co-generation power plant have become operational during this financial year, it helps your Company for uninterrupted operation, generate power at lower cost as against grid power and will also generate additional income by sale of power.

### e) Major Risks and Concerns:-

The major risk the Company foresees is the foreign exchange fluctuation, particularly depreciation of Indian Rupee against US Dollar. As the Paper division raw materials, Wood Pulp and waste paper are being 100% imported, it will be a major concern to your Company.

### f) Internal Control Systems and their adequacy:-

The Company is having adequate internal control systems to monitor the various activities of the business and to review the same periodically. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognized. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance of these systems. The Audit Committee meets at regular intervals to review the internal audit function;

### g) Discussion on financial performance with respect to operational performances:-

The Profit before tax is ₹ 811 Lakhs, which is 28.61 % less when compared to the previous year's profit. Your Company adopts all the possible measures to reduce the cost and exploring new market segments and better product mix. A detailed discussion on financial performance has been given under Performance of this report.

### h) Human Resources:-

Excellent cordial industrial relations are maintained with the employees of the Company at all levels. Various HRD and training programmes are conducted to develop the skills of the employees and their value contribution to the Company. Professional managers are employed to manage key positions in the Company. The total number of employees in Karur K.C.P. Packagings Limited, as on 31st March, 2013 is 1396.

### i) Wholly Owned Subsidiary Company:

The Company has a Wholly Owned Subsidiary Company in the name M/S Shriudha Ventures Pte Ltd, which has been incorporated on 09th April, 2012 in Republic of Singapore for the purpose of carrying the business of importers, exporters, whole salers and agents of Urea, Packaging materials and other general commodities.

### j) Cautionary Statement :-

Estimates & Expectations stated in this Management Discussion & Analysis Report may be within "Forward looking" statements within the meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operation include economic condition affecting demand / supply and price conditions in the domestic & international markets, changes in Government Regulations, Import policies, Tax Laws, Statutes and other incidental factors.

On behalf of the Board

Place : Karur  
Date : 2<sup>nd</sup> September, 2013

K. C. PALLANI SHAMY  
Chairman

Your Company in tune with the requirements of the provisions of Corporate Governance has taken all measures considered necessary for ensuring its compliance. A detailed Compliance Report in this regard is given below:-

## 1. Company's Philosophy:-

**Karur K.C.P. Packkagings Limited** firmly believes that implementation of good Corporate Governance will help the Company in achieving Corporate goals and enhancing shareholders value.

Transparency, accountability and fairness in all dealings form the cornerstone of effective Corporate Governance. The Board of Directors has the primary responsibility to ensure that the fundamentals of Corporate Governance are followed in the pursuit of sustainable growth and profitability.

## 2. Corporate Governance in Karur K.C.P. Packkagings Limited:-

Karur K.C.P. Packkagings Limited is committed to the principles of transparency, integrity, accountability and social responsibility. The Board of Directors, comprising of eminent individuals, ensure that the tenets of good Corporate Governance are practiced in letter and spirit.

There are comprehensive internal control and management reporting systems and they are reviewed by the management and the Board from time to time.

## 3. Board of Directors:-

### Composition:-

The Board of Directors of the Company comprises of an appropriate mix of Executive/Non-Executive and Independent Directors.

The Composition of the Board of Directors as at 31st March, 2013 and the number of Directorships / Committee memberships held by them in other companies is as under:

Sl. No.	Name of Director	Executive / Non-Executive, Independent	Number of other Directorships Held		Number of Membership on Board Committees of other Public Companies
			Public	Private	
1.	Shri K. C. Pallani shamy	Executive & Promoter	NIL	7	NIL
2.	Shri K. C. P. Shivraman	Executive & Promoter	NIL	9	NIL
3.	Smt. P. Annammal	Non-Executive, Promoter	NIL	5	NIL
4.	Shri K. Palaniappan	Non-Executive, Independent	NIL	NIL	NIL
5.	Dr. K. Mohan	Non-Executive, Independent	NIL	NIL	NIL
6.	Shri V.S. Murali Kriishnan	Non-Executive, Independent	NIL	NIL	NIL

No Director is holding Directorship /Membership of Committee of Directors in any other Public Limited Company.

Shri K .C. Pallani Shamy, Chairman & Managing Director, Shri K. C. P. Shivraman, Joint Managing Director and Smt. P. Annammal represent the Promoter Group.

### a. Board Meetings

The meetings of the Board of Directors are normally held at the Company's Corporate Office at Karur. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The Board meets at least once in a quarter to review inter-alia the quarterly performance and the financial results.

The board papers, comprising of the agenda, management reports and the other explanatory notes are circulated to the Directors sufficiently in advance. Senior management executives are invited to attend the Board Meetings to provide additional inputs to the items being discussed by the board. The Board is also given the feed back on the action taken on Board suggestions.

## REPORT ON CORPORATE GOVERNANCE

During the year, the Board of Directors of the Company have approved and laid down a code of conduct applicable for all the board members and senior management of the Company.

The Board of Directors met 5 (Five) times during the financial year 2012-13 on

15 <sup>th</sup> May, 2012	14 <sup>th</sup> Aug, 2012	21 <sup>st</sup> Aug, 2012	14 <sup>th</sup> Nov, 2012	14 <sup>th</sup> Feb, 2013
----------------------------	----------------------------	----------------------------	----------------------------	----------------------------

### b. Attendance of Board Meetings & Annual General Meeting

The attendance of each Director at these meetings and at the last Annual General Meeting was as follows:

Sl. No.	Name of the Director	No. of Board Meetings attended	Attendance at the last A.G.M
1.	Shri K.C.Pallani Shamy	5	No
2.	Shri K.C.P.Shivraman	5	Yes
3.	Smt. P. Annammal	5	Yes
4.	Shri K.Palaniappan	5	Yes
5.	Dr. K. Mohan	5	Yes
6.	Shri V.S. Murali Kriishnan	5	Yes

### Shareholding pattern of Non-Executive Directors:

Sl. No	Name of the Director	No. of shares	% of shareholding
1.	Smt. P. Annammal	50800	0.45%
2.	Shri K.Palaniappan	Nil	Nil
3.	Dr. K. Mohan	Nil	Nil
4.	Shri V.S. Murali Kriishnan	Nil	Nil

### Board Committees

To enable better and more focused attention on the affairs of the Company, the board delegates certain matters like opening and closing of bank accounts and authorize persons to operate the said bank accounts etc., to Committees of the board set up for the purpose. The proceedings of the meetings of the Committees of the board are circulated to the board for its confirmation.

### c. Details of Directors appointment / reappointment

**Smt. P.Annammal** and **Shri K.Palaniappan** retired by rotation and reappointed as Directors in the 22nd Annual General Meeting held on 28th September, 2012.

**Dr. Mohan** and **Shri V.S Murali Kriishnan** retire by rotation at the ensuing Annual General Meeting and are seeking re-election. A brief resume and functional expertise of these Directors in terms of Clause 49 of the Listing Agreement is furnished in the notice convening the Annual General Meeting to be held on 30th September, 2013, sent along with the Annual Report.

## 4. Audit Committee

### Terms of reference

The Audit Committee is constituted in accordance with the requirements of Listing Agreement with the Stock Exchanges and the provisions of the Companies Act, 1956. The quorum for the audit Committee is two members.

The terms of reference to this Committee caters the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as Sec.292 A of the Companies Act 1956. This inter alia includes overseeing the financial reporting process and disclosure of financial information, reviewing any change in accounting policies and practices, compliance with accounting standards and reviewing the adequacy of internal control system.

The Committee is also responsible for objectively reviewing the reports of the internal auditors and statutory auditors and ensuring that adequate follow up action is taken by the management.

### Composition and Meetings

This Committee comprises of three Non-Executive Independent Directors. Shri V.S. Murali Kriishnan is a B.Com graduate and all the members have accounting and financial knowledge and experience. The Statutory Auditors, Internal Auditors and the Senior Officials from Accounts and Finance Department are invited to attend all the meetings of the Committee constituted in the year 2003.



The Committee met four times during the year ended 31st March, 2013

15 <sup>th</sup> May, 2012	14 <sup>th</sup> Aug, 2012	14 <sup>th</sup> Nov, 2012	14 <sup>th</sup> Feb, 2013
----------------------------	----------------------------	----------------------------	----------------------------

The composition of the Audit Committee and the attendance of each Director at these meetings are given below.

Sl. No.	Name	Chairman / Member	Number of meetings attended
1	Shri K. Palaniappan	Chairman	4
2	Dr. K. Mohan	Member	4
3	Shri V.S. Murali Krishnan	Member	4

**Shri V. Venkatesan**, Company Secretary is the Secretary to the Committee.

## 5. Shareholders / Investors Grievance Committee

### Terms of reference

The role of the Committee includes monitoring and reviewing the mechanism of share transfers and dematerialization of shares, payment of dividends, etc. and looking into the redressal of shareholders complaints and to determine, monitor and review the standards for resolution of shareholders grievances.

### Composition and Meetings

The Committee was constituted in 2003. The Committee Consists of Three Directors of whom two are Non-Executive Directors and the Chairman is a Non-Executive Independent Director. The Committee met one time during the year ended 31st March, 2013 i.e. 14th August, 2012 to review the shareholders correspondence including the complaints received from the Shareholders and their redressal. The details of the members of the Committee and their attendance at the above meetings are given below.

Sl. No.	Name	Member / Chairman	Number of meetings attended
1.	Shri K.Palaniappan	Chairman	1
2.	Shri K.C.P.Shivraman	Member	1
3.	Dr. K. Mohan	Member	1

The minutes of the shareholders / Investors Grievance Committee were placed before the Board Meeting.

Communications from the Shareholders in connection with change of address are immediately updated by the Company's Registrar and Share Transfer Agent. There were no queries/complaints pending to be replied / sorted out as at 31st March, 2013. There were no transfers pending as at 31st March, 2013.

## 6. Remuneration Committee:-

### Terms of Reference

The role of the Committee includes, determining the Company's policy on specific remuneration packages for Managing Directors.

### Composition and Meetings

This Committee constituted in the year 2003, comprises of three Independent Non-Executive Directors viz. Shri K. Palaniappan, Dr. K. Mohan and Shri V.S. Murali Krishnan.

### Remuneration of Directors

#### Remuneration Policy

The compensation for the services rendered by the Executive Directors comprises of a fixed monthly salary, provision of Provident Fund, Superannuation Fund, Gratuity and other permitted perquisites. However, the Directors availed fixed monthly salary only. The company has provided for the terminal benefits by way of Gratuity. The Executive Directors are not paid sitting fees for any Board / Committee meetings attended by them. The Non-Executive Directors are paid sitting fees as permitted by the Law for every Board / Committee meeting attended by them. The Company currently does not have stock options scheme.

The two Managing Directors are paid remuneration as decided by the Board of Directors on the recommendation of the Remuneration Committee with the approval of Shareholders. Non Executive Directors are remunerated in the form of sitting fees besides reimbursement of expenses.

#### Remuneration for the year

Details of the remuneration of Executive Directors and Non- Executive Directors for the year ended 31st March, 2013 are as follows:

## Executive Directors

Name & Position	Salary(₹)	Retirement Benefits (Gratuity) (₹)	Total (₹)
Shri K.C.Pallanishamy Chairman & Managing Director	45,00,000	1,87,500	46,87,500
Shri K.C.P Shivraman Joint Managing Director	45,00,000	1,87,500	46,87,500

## Non-Executive Directors

Name	Sitting fees paid for Committee Meetings ₹	Sitting fees paid for Board Meetings ₹
Shri K.Palaniappan	9,000/-	10,000/-
Dr. K. Mohan	9,000/-	10,000/-
Shri V.S.Murali Kriishnan	8,000/-	10,000/-
Smt. P. Annammal	Nil	10,000/-

## 7. General Body Meetings:-

The General Body Meeting of the company during the preceeding Three years are held under:-

For the year ended 31 <sup>st</sup> March	Type	Venue	Day and Date	Time	Special Resolution passed in the GM by the Shareholders
2010	AGM	R.S. 112, Thiruvandar koil Post, Mannadipet Commune, Puducherry – 605 102.	Thursday 30th September,2010	09.30 A.M	Yes
2011	EGM	R.S. 112, Thiruvandar koil Post, Mannadipet Commune, Puducherry – 605 102.	Saturday 27th November, 2010	10.30 A.M.	Yes
2011	AGM	No:10, IInd Cross, Anna Nagar, Puducherry- 605 005	Friday 30th September, 2011	09.30 A.M.	No
2012	AGM	No:1, First Floor, Bhagath Singh Street, Bharathipuram, Puducherry – 605 011	Friday 28th September, 2012	09.30 A.M.	No

Special Resolution passed through General Meetings:

Date	Special Resolution
30th September, 2010	(i) To re-appoint Managing Director (ii) To re-appoint Joint Managing Director (iii) To appoint a relative of a Director as President Administration
27th November, 2010	(i) To make amendments in the terms of Foreign Currency Convertible Bonds (ii) To issue GDRs / ADRs / FCCBs / any other Securities

## 8. Code of Conduct:-

As per the requirement of Clause 49 (1D) of the Listing Agreement, your Company has framed code of conduct applicable to all the Directors and Senior management of the Company and the same has been put on the Company's web-site [www.karurkcp.in](http://www.karurkcp.in) Necessary declaration to this effect is appended to this Corporate Governance Report.

## 9. Code of conduct for prevention of Insider Trading:-

The Company has adopted code for prohibition of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

**10. Disclosures:-**

I	Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange/SEBI	<b>No such instance.</b>
II	Disclosure of all primary relationship or transaction of the Non-Executive Directors' vis-à-vis the Company	<b>No such instance.</b>
III	Non-compliance of mandatory requirements, if any	<b>NIL</b>
IV	The Board has constituted a remuneration Committee comprising of three non-executive independent directors.	-
V	The Company does not have any Whistle Blower Policy. However no personnel has been denied access to the Audit Committee of the Company.	-
VI	Related Party transactions are disclosed in the notes to Accounts forming part of this Annual Report.	-

**11. Compliance with Corporate Governance Norms:-**

The Company has complied with all mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with Stock Exchanges.

As regards the non-mandatory requirements, the following has been followed:-

As detailed in earlier paragraphs, the Company has constituted a Remuneration Committee.

**12. Means of Communication:-**

The Quarterly / Half-Yearly / Un-Audited financial results and the Annual Audited financial results are normally published in The Economic Times (English) (Mumbai Edition), Trinity Mirror (English) and Makkal Kural (Tamil) Daily. Book closure and dividend declaration notices are also published in the newspapers. The financial results and press releases are also placed on Company's website www.karurkcp.in. A separate E-Mail ID viz. company\_secretary@karurkcp.in has been created and prominently displayed in the Company's website www.karurkcp.in to enable the investors to lodge their complaints / grievances, if any.

**13. Management Discussion and Analysis Report:-**

Management Discussion and Analysis Report form part of the Annual Report.

**14. General Shareholders Information:-**

**a. Share Holding Pattern as on 31<sup>st</sup> March 2013:-**

Shares Held by	No. of Shares	% of Total Paid-up Capital
Promoters	7245700	64.41
Body Corporates	1232104	10.95
Indian Public	1504680	13.37
NRI Resident Indians	17516	0.16
Shares held by Custodians and against which Depository Receipts issued	1250000	11.11
<b>TOTAL</b>	<b>11250000</b>	<b>100.00</b>

**b. Distribution of Shareholding as on 31<sup>st</sup> March, 2013:-**

Share Holding (Range)	No. of Holders	% of Holders	Amount	% of Shares
Up to 5000	2035	82.39	3543560	3.15
5001 to 10000	201	8.14	1686860	1.50
10001 to 20000	99	4.01	1524490	1.36
20001 to 30000	47	1.90	1221180	1.09
30001 to 40000	23	0.93	827160	0.74
40001 to 50000	14	0.57	683700	0.61
50001 to 100000	19	0.77	1398550	1.24
Above 100001	32	1.29	101614500	90.31
<b>TOTAL</b>	<b>2470</b>	<b>100.00</b>	<b>112500000</b>	<b>100.00</b>

c. The Twenty Third Annual General Meeting of the Company will be held on Monday, the 30th September, 2013 at 09.30 A.M. at the Registered Office of the Company at Puducherry. The Audited Accounts for the Year ended 31st March,2013 will be placed at the meeting for adoption. The Register of Members and the Share Transfer Books of the Company will be closed from 24th September, 2013 to 30th September, 2013 (both days inclusive).

## 15. Listing of Shares

The Company's shares are listed in Mumbai, Chennai, Coimbatore and Cochin Stock Exchanges, the Company's GDR's are listed in Luxembourg Stock Exchange.

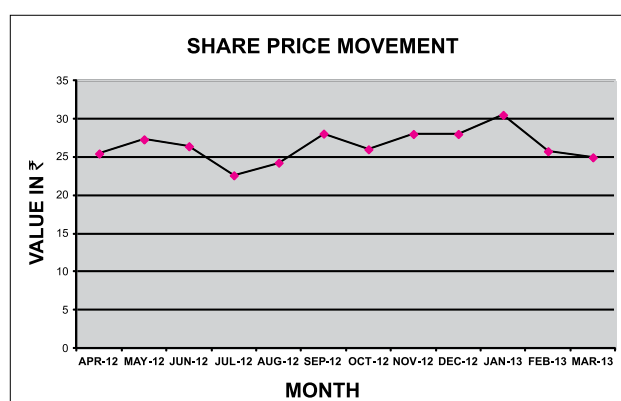
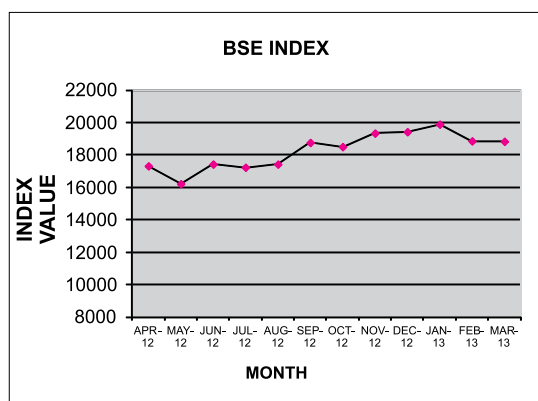
## 16. Market Price of Shares

The market price of the Share of the Company was quoted in the **Bombay Stock Exchange Limited** as under during the year **April 2012 to March 2013**.

Month & Year	Open (₹)	High (₹)	Low (₹)
April 2012	27.00	29.40	24.75
May 2012	26.70	27.30	23.00
June 2012	27.25	28.60	23.35
July 2012	27.45	28.25	21.60
August 2012	23.65	26.65	21.75
September 2012	25.45	30.05	23.00
October 2012	28.70	29.20	25.05
November 2012	28.35	30.00	25.00
December 2012	26.05	31.80	26.05
January 2013	29.40	32.00	24.05
February 2013	30.00	31.80	23.60
March 2013	27.00	28.65	20.35

## 17. Performance of Karur K. C. P. Packagings Limited's share in comparison with BSE Sensex. :-

The performance of the Company in comparison to the indices of the Stock Exchange is shown as per the following chart.



## 18. Registrar and Share Transfer Agents:-

M/s. S. K. D. C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A – 1, Sathy Road, Ganapathy (Post), Coimbatore – 641 006, have been appointed as Registrar and Share Transfer Agents and out of 1,12,50,000 number of shares, 99,58,494 number of shares are in dematerialized form comprising of 88.52%.

**19. GDRs / APRs / Warrants:-**

There are no outstanding GDRs / APRs / Warrants or any Convertible Instruments.

The Company had issued Foreign Currency Convertible Bonds in the International Capital Market during the year 2006-07 and the Bonds are listed in the Luxemburg Stock Exchange. The period of settlement got extended for a further period of five years, that is up to year 2016.

**20. Location of Plants:-**

**The Company's plants are located at the following places:**

- a) Paper Division : Marichinaickenpalayam, Pollachi Taluk, Coimbatore District, Tamilnadu.
- b) Paper Bag Division : Marichinaickenpalayam, Pollachi Taluk, Coimbatore District, Tamilnadu.
- c) Polypropylene Bags Division : Mayanur, Karur District, Tamilnadu.  
& FIBC Division
- d) Wind Mills : Pulankinar Village, Udumelpet Taluk, Tirupur District, Tamilnadu.  
Thungavi Village, Madathukulam Taluk, Tirupur District, Tamilnadu.

**21. Address for correspondence:-**

Corporate Office: 330/1, Chinna Andan Koil Road, Karur – 639 001, Tamilnadu.

**22. CODE OF CONDUCT:-**

The Board has laid down the Code of Conduct for the Directors of the Company and Senior Management of the Company

**On behalf of the Board**

Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**K. C. PALLANI SHAMY**  
**Chairman**

**DECLARATION FROM THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**

**To**  
**The Members**

As provided under clause 49 of the Listing Agreement with Stock Exchange, the Board Member and the Senior Management Personnel have affirmed Compliance with the Company's Code of Conduct for the year ended 31st March, 2013.

**For Karur K.C.P. Packagings Limited**

Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**K. C. PALLANI SHAMY**  
**Managing Director &**  
**Chief Executive Officer**

## CEO / CFO CERTIFICATION

To  
**The Board of Directors,  
Karur K.C.P. Packkagings Limited,  
Karur.**

Certificate under Clause 49 (v) of the Listing Agreement.

We hereby certify to the Board that:

- a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2013 and to the best of our knowledge and belief ;
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's Affairs and are in compliance with existing accounting standards, applicable law and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the Internal control systems of the Company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies if any.
- d) We have indicated to the auditors and the Audit Committee;
  - (i) Significant changes in internal control during the year.
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**K.C.P.SHIVRAMAN**  
**Joint Managing Director &  
Chief Financial Officer**

**K. C. PALLANI SHAMY**  
**Managing Director &  
Chief Executive officer**

Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**MSS SRIRAM & Co**  
**CHARTERED ACCOUNTANTS**

32, SOUTH LAKSHMIPURAM, KARUR - 639 001  
Ph : 04324-262587 / Reliance : 329222  
PARTNERS : P.R. MAHADEVAN F.C.A. S. SUBRAMANIAN F.C.A. And K. SRIRAM F.C.A.

To the Members,

**KARUR K. C. P. PACKKAGINGS LIMITED**

We have examined the compliance of conditions of Corporate Governance by KARUR K. C. P. PACKKAGINGS LIMITED for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investor's Grievance Committee.

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.

Place : Karur  
Date : 30<sup>th</sup> May, 2013

**For MSS SRIRAM & Co.,**  
**Chartered Accountants**  
**ICAI Firm Registration No 007909S**

**P.R.MAHADEVAN**  
**Partner**  
**Membership Number : 007377**

## To the Members of Karur K.C.P. Packagings Limited

**MSS SRIRAM & Co**  
**CHARTERED ACCOUNTANTS**

32, SOUTH LAKSHMIPURAM, KARUR - 639 001  
Ph : 04324-262587 / Reliance : 329222  
PARTNERS : P.R. MAHADEVAN F.C.A. S. SUBRAMANIAN F.C.A. And K. SRIRAM F.C.A.

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s. KARUR K.C.P. PACKKAGINGS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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 statement, 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 appropriate in the circumstances. 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 statement.

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

### 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 Balance Sheet, of the state of affairs of the company as at 31st March, 2013 ;
- (b) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India, in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 & 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet , Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - e) On the basis of the written representation received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956.

Place : Karur  
Date : 30<sup>th</sup> May, 2013

**For MSS SRIRAM & Co.,**  
**Chartered Accountants**  
**ICAI Firm Registration No 007909S**

**P.R.MAHADEVAN**  
**Partner**

**Membership Number : 007377**



**MSS SRIRAM & Co**  
**CHARTERED ACCOUNTANTS**

32, SOUTH LAKSHMIPURAM, KARUR - 639 001  
 Ph : 04324-262587 / Reliance : 329222  
 PARTNERS : P.R. MAHADEVAN F.C.A. S. SUBRAMANIAN F.C.A. And K. SRIRAM F.C.A.

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirement's of our report of even date)

**1. In respect of fixed assets:**

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. According to the information and explanations furnished to us, the fixed assets have been physically verified by the management during the year in a periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of assets. No material discrepancies were noticed on such verification.
- c. The Assets disposed off during the year are not substantial and therefore do not affect the going concern status of the company.

**2. In respect of Inventories :**

- a. As explained to us, the inventories have been physically verified by the management during the year at reasonable intervals.
- b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c. In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material and have been appropriately dealt with in the books of accounts.

**3. In respect of loans and advances :**

- a. The Company has not granted any secured or unsecured loans to the Companies / Firms and any other parties covered in the register maintained under section 301 of The Companies Act, 1956.
- b. The Company has not taken any secured or unsecured loans from the Companies / Firms and any other parties covered in the register maintained under section 301 of The Companies Act, 1956 excepting holding of interest free unsecured deposits from the managing director availed in the earlier years.

**4. In respect of internal control system:**

In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for the purchase of Inventory, Fixed Assets and for the sale of goods and services. Further, in our opinion and according to information and explanations given to us, there is no continuing failure to correct major weakness in internal control.

**5. In respect of related party transactions:**

In respect of contracts and arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us :

- i. The particulars of contracts or arrangements referred to in Section 301 that needed to be entered into register maintained under the said Section have been so entered.
- ii. where each of such transactions is in excess of ₹ 5,00,000/- in respect of any party during the year, the transactions have been made at the prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.

**6. Public Deposits**

In our opinion and according to the information and explanations given to us the company has not accepted or invited any deposits from the public during the year. Therefore the provisions of the clause 4 (vi) of the Order are not applicable to the Company.

**7. Internal Audit**

The Company has an adequate Internal Audit System Commensurate with the size and nature of its business.

**8. Cost Records**

We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

**9. Statutory Dues:**

- a. According to the information and explanations given to us and the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2013, for a period of more than six months from the date they became payable.

b. The details of disputed statutory dues are given below:-

Name of the Statute	Nature of the dues	Period to which the amount relates	Amount ₹ In Lakhs	Forum where dispute is pending
1. Central Excise / Service Tax	Dispute on Cenvat / Service Tax Credit, Interest and Penalty	Aug-06 to Nov-06	15.86	Commissioner (Appeals)
		Mar-05 to Nov-05	25.00	Appellate Tribunal
		Feb-07	61.73	Appellate Tribunal
		May-06 to Dec-06	16.44	Commissioner (Appeals)

**10. Accumulated Losses:**

The Company does not have accumulated losses at 31st March, 2013. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

**11. Defaulting of Term Loans:**

In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of its dues to Financial Institutions and Banks. The Company has not issued any debentures.

**12. Security For Loans Granted:**

Based on our examination of documents and records, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

**13. Special Law :**

The Company is not a chit or nidhi mutual benefit fund/society. Therefore, the provision of clause xiii of paragraph 4 of the Order are not applicable to the Company.

**14. Dealing in Securities :**

According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities and debentures and other investments. Accordingly, the provision of clause xiv of paragraph 4 of the Order are not applicable to the company.

**15. Guarantee For Loans:**

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

**16. Purpose & Application of Term Loans :**

According to the information and explanations given to us, the Company has applied the Term Loans for the purposes for which they were obtained.

**17. Short Term Funds & Application:**

According to the information and explanations given to us and on an overall examination of the Sources and Application of the Funds of the Company, we report that the company has used no funds raised on short term basis for long term investments.

**18. Preferential Allotments :**

The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

**19. Debentures:**

The Company has not issued any Debentures since incorporation and hence the provisions of clause 4 (xix) are not applicable to the company.

**20. Public Issue :**

The Company has not raised money by public issue during the year.

**21. Frauds:**

In our opinion and according to the information and explanations given to us, and based on the books and records examined by us, there are no frauds on or by the Company that has been noticed or reported during the year

Place : Karur

Date : 30<sup>th</sup> May, 2013

**For MSS SRIRAM & Co.,**  
**Chartered Accountants**  
**ICAI Firm Registration No 007909S**

**P.R.MAHADEVAN**  
**Partner**

**Membership Number : 007377**

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

Particulars	Note No.	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders Funds</b>			
(a) Share capital	1	112,500,000	112,500,000
(b) Reserves and Surplus	2	1,499,863,379	1,467,371,053
<b>Sub-total-Shareholders Funds</b>		<b>1,612,363,379</b>	<b>1,579,871,053</b>
<b>2 Non-Current Liabilities</b>			
(a) Long-term borrowings	3	731,730,769	633,100,990
(b) Deferred tax liabilities (net)	4	264,435,632	237,746,282
(c) Other long-term liabilities	5	634,905,000	599,712,000
(d) Long-term provisions	6	5,567,307	5,192,308
<b>Sub-total-Non-Current Liabilities</b>		<b>1,636,638,708</b>	<b>1,475,751,580</b>
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	7	2,007,875,023	1,619,998,400
(b) Trade Payables	8	166,867,942	20,622,169
(c) Other Current liabilities	9	287,854,127	264,112,262
(d) Short-term provisions	10	23,490,489	27,119,406
<b>Sub-total- Current Liabilities</b>		<b>2,486,087,581</b>	<b>1,931,852,237</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,735,089,668</b>	<b>4,987,474,870</b>
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		2,547,604,535	1,634,925,629
(ii) Capital work-in-progress		100,630,396	623,692,239
(b) Non-Current investments	12	500,042	500,000
(c) Long-term loans and advances	13	29,149,379	21,283,252
(d) Other non-current assets	14	7,054,488	9,292,158
<b>Sub-total- Non-Current Assets</b>		<b>2,684,938,840</b>	<b>2,289,693,278</b>
<b>2 Current Assets</b>			
(a) Inventories	15	1,692,547,391	1,390,112,572
(b) Trade receivables	16	1,070,883,492	769,133,579
(c) Cash and cash equivalents	17	139,933,724	237,765,121
(d) Short-term loans and advances	18	120,433,438	263,121,297
(e) Other Current assets	19	26,352,783	37,649,023
<b>Sub-total - Current Assets</b>		<b>3,050,150,828</b>	<b>2,697,781,592</b>
<b>TOTAL ASSETS</b>		<b>5,735,089,668</b>	<b>4,987,474,870</b>

The accompanying notes are an integral part of the financial statements.

As per our Report annexed

**For MSS Sriram & Co**

Chartered Accountants

ICAI Firm Registration No.007909S

**P.R.Mahadevan**

Partner

Membership Number:007377

Place : Karur

Date : 30<sup>th</sup> May, 2013

**V.VENKATESAN**

Company Secretary

**K.C.P.SHIVRAMAN**

Joint Managing Director

**K.C.PALLANI SHAMY**

Managing Director

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

Particulars	Note No.	FOR THE YEAR ENDED 31.03.2013 ₹	FOR THE YEAR ENDED 31.03.2012 ₹
<b>I Income</b>			
Revenue from operations	20	4,715,202,542	4,370,384,142
Less: Excise Duty		316,583,939	249,356,692
<b>Revenue from Operations (Net)</b>		4,398,618,603	4,121,027,450
Other Income	21	30,001,687	42,739,572
<b>Total Revenue</b>		<b>4,428,620,290</b>	<b>4,163,767,022</b>
<b>II Expenses</b>			
Cost of materials consumed	22	3,176,773,614	2,844,133,970
Changes in inventories of finished goods, work-in-progress	23	(169,486,778)	90,539,285
Employee benefits expense	24	225,262,572	257,181,342
Financial costs	25	378,263,808	266,310,510
Depreciation and amortization expense		150,283,413	108,445,080
Other expenses	26	585,935,409	568,348,190
<b>Total Expenses</b>		<b>4,347,032,038</b>	<b>4,134,958,377</b>
<b>III Profit before exceptional and extraordinary items and tax (I -II)</b>		81,588,252	28,808,645
<b>IV Exceptional Items</b>		(477,045)	84,835,787
<b>V Profit before tax (III +IV)</b>		81,111,207	113,644,432
<b>VI Tax expense:</b>			
Current tax		16,500,000	24,000,000
Less: MAT credit entitlement		(16,095,500)	(4,060,000)
Provision for earlier year		8,450,000	-
Deferred tax		26,689,350	7,648,694
<b>VII Profit for the period from continuing operations (V-VI)</b>		<b>45,567,357</b>	<b>86,055,738</b>
<b>VIII Earning per equity share ( Face value of ₹ 10/- each)</b>			
Basic		4.05	7.65
Diluted		3.62	6.87

The accompanying notes are an integral part of the financial statements.

As per our Report annexed  
**For MSS Sriram & Co**  
Chartered Accountants  
ICAI Firm Registration No.007909S

**P.R.Mahadevan**  
Partner  
Membership Number:007377  
Place : Karur  
Date : 30<sup>th</sup> May, 2013

**V.VENKATESAN**  
Company Secretary

**K.C.P.SHIVRAMAN**  
Joint Managing Director

**K.C.PALLANI SHAMY**  
Managing Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

Particulars	2012-13 ₹	2011-12 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	81,111,207	113,644,432
<b>Add:</b>		
Depreciation	150,283,413	108,445,080
Preliminary Expenses	2,237,671	3,966,633
Financial Charges	378,263,808	266,310,510
Loss on Sale of Fixed Assets	477,045	-
<b>Less:</b>		
Profit on Sale of Fixed Assets	-	84,835,787
Interest Income	10,932,554	14,610,626
Dividend Income	60,000	60,000
Exchange Fluctuation relating to FCCB	(35,193,000)	(62,200,000)
<b>Operating profit before working capital changes</b>	<b>636,573,589</b>	<b>455,060,242</b>
<b>Working Capital Changes</b>		
Decrease/(Increase) in Inventories	(302,434,818)	(110,254,920)
Decrease/(Increase) in Sundry Debtors	(301,749,913)	63,841,441
Decrease/(Increase) in Other current assets	11,296,240	(40,013,057)
Decrease/(Increase) in Loans and Advances	142,687,859	1,977,081
Decrease/(Increase) in Other Assets		
(Decrease)/Increase in Trade Payable, Current Liabilities and Provisions	166,358,721	(7,905,227)
<b>Cash flow before Exceptional Items</b>	<b>352,731,679</b>	<b>291,853,889</b>
<b>Exceptional Items</b>		
Add: Proceeds from sale of land	-	13,340,678
<b>Net Cash flow from Operating Activities</b>	<b>352,731,679</b>	<b>305,194,567</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	24,711,500	100,074,378
Interest Received	10,932,554	14,610,626
Dividend Received	60,000	60,000
<b>Less:</b>		
Purchase of Fixed Assets	824,620,506	506,788,910
<b>Net Cash used in Investing Activities</b>	<b>(788,916,452)</b>	<b>(392,043,906)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	729,692,217	277,994,013
<b>Less:</b>		
Financial Charges	378,263,808	266,310,510
Dividend paid and Corporate tax there on	13,075,031	-
<b>Net Cash paid in Financing Activities</b>	<b>338,353,378</b>	<b>11,683,503</b>
<b>D) TOTAL INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT DURING THE YEAR</b>	<b>(97,831,397)</b>	<b>(75,165,836)</b>
Cash and Cash equivalents at the beginning of the year	237,765,121	312,930,957
Cash and Cash equivalents at the closing of the year	<b>139,933,724</b>	<b>237,765,121</b>
<b>Reconciliation of Cash &amp; Cash Equivalents with the Balance Sheet:</b>		
Cash & Cash Equivalents as per balance sheet (Refer Note.17)	139,933,724	237,765,121
Less: Bank Balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements		
Deposits for Margin Money	129,123,373	201,631,165
Unpaid Dividend Accounts	244,401	226,386
Net Cash & Cash Equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17	10,565,950	35,907,570
Cash & Cash Equivalents at the closing of the year	10,565,950	35,907,570

As per our Report annexed

**For MSS Sriram & Co**

Chartered Accountants

ICAI Firm Registration No.007909S

**P.R.Mahadevan**

Partner

Membership Number:007377

Place : Karur

Date : 30th May, 2013

**V.VENKATESAN**

Company Secretary

**K.C.P.SHIVRAMAN**

Joint Managing Director

**K.C.PALLANI SHAMY**

Managing Director

	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>NOTE - 1 - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
2,00,00,000 Equity Shares of ₹ 10/- each	200,000,000	200,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,12,50,000 Equity Shares of ₹ 10/- each fully paid	112,500,000	112,500,000
<b>TOTAL AS PER BALANCE SHEET</b>	<b>112,500,000</b>	<b>112,500,000</b>
<b>a. Par value per share</b>	<b>10</b>	<b>10</b>
<b>b. Reconciliation of the number of shares</b>		
Balance as at the beginning of the year	11250000	10000000
Add: Issued during the year	-	-
Less: Redemption / withdrawn during the year	-	-
Balance as at the end of the year	11250000	11250000

**c. List of shareholders holding more than five percent of the equity share capital:**

Name of the share holder	AS AT 31.03.2013			AS AT 31.03.2012		
	No. of shares	in %	Value (₹)	No. of shares	in %	Value (₹)
Shri K.C.Pallani shamy	6021600	53.53	60216000	6021600	53.53	60216000
Shri K.C.P.Shivraman	1173300	10.43	11733000	1173300	10.43	11733000
The India Cements Ltd.	996500	8.86	9965000	996500	8.86	9965000
The Bank of New York Mellon, GDR	1250000	11.11	12500000	1250000	11.11	12500000

**d. Terms / Rights / restrictions attached to shares:**

The Company has only one class of Equity share. Each share has a paidup value of ₹ 10/-. Every shareholder is entitled to one vote, except for the holders of Global Depository Receipts / Global Depository Shares, who don't hold voting right. Equity Share holders are entitled to Dividends in proportion to their holding, if declared. In any event Equity Share holders are entitled to receive the remaining assets of the Company after distribution of all lawful amounts payable. Such distribution will be proportionate to the number of equity shares held up.

**NOTE-2 - RESERVES & SURPLUS**

<b>A. Securities Premium account</b>		
As per last Balance Sheet	670,666,500	670,666,500
<b>Closing balance (Total - A)</b>	<b>670,666,500</b>	<b>670,666,500</b>
<b>B. General Reserve</b>		
As per last Balance Sheet	210,000,000	180,000,000
Add: Premium on issue of shares under GDR	30,000,000	30,000,000
<b>Closing balance (Total - B)</b>	<b>240,000,000</b>	<b>210,000,000</b>
<b>C. Surplus</b>		
Opening balance in Statement of Profit & Loss	586,704,553	543,723,846
Add :-Net Profit for the year	45,567,357	86,055,738
Less:- Appropriations		
Transfer to General Reserve	30,000,000	30,000,000
Proposed Dividend	11,250,000	11,250,000
Tax on Proposed Dividend	1,825,031	1,825,031
<b>Closing balance (Total - C)</b>	<b>589,196,879</b>	<b>586,704,553</b>
<b>TOTAL AS PER BALANCE SHEET (A+B+C)</b>	<b>1,499,863,379</b>	<b>1,467,371,053</b>

**NOTE - 3 - LONG TERM BORROWINGS**

**a. Secured Term Loan from Banks**

Wind Mills  
Co-gen Power Plant

**b. Other Secured Loans :**

Corporate Loans

**c. Unsecured Loans :**

Hire Purchase Loans

**TOTAL AS PER BALANCE SHEET**

	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
	50,249,291	73,080,221
	442,545,881	417,503,658
	210,828,086	126,388,739
	28,107,511	16,128,372
	<b>731,730,769</b>	<b>633,100,990</b>

**Common Security:**

**Term Loans on Fixed Assets:**

Term loan facility availed from Bankers are secured by deposit of title deeds of immovable properties and further secured by paripassu First Charge of Fixed Assets and paripassu Second Charge on Current assets of the Company. It carries the base rate of 12% and have a tenure of 6 years.

**Specific Asset Security:**

**Wind Mills:**

The loan is secured by deposit of title deeds of wind mill located at S.F.305/2,304/1 (P), Pulankinar Village, Udmalpet Taluk, Tirupur District, Tamil Nadu, with State Bank of India and repayment started from Oct-2009 to Mar-2014.

The loan is secured by deposit of title deeds of wind mill located at SF No.23, Thungavi Village, Madathukulam Taluk, Tirupur District, Tamil Nadu with Karur Vysya Bank Limited and repayment started from Nov-2011 to Aug-2018.

Interest for the above Term Loans range between 12% to 15% per annum.

**Co-gen Power Plant ( 10MW):**

The loan from State Bank of India is secured by deposit of title deeds of land located at Marichinaickenpalayam, Pollachi , Tamil Nadu and paripassu first charge on Co-gen power plant and machineries. Repayment starting from Oct-2012 to March-2018.

**Corporate loan**

Corporate Loan availed from Karur Vysya Bank Limited is repayable in 36 monthly installments started from Dec-2011 to Jan-2015.

Corporate Loan availed from The Shamrao Vithal Co-Operative Bank Limited is repayable in 60 monthly installments started from Jul-2013 to Jun-2018.

**Hire Purchase Loan:**

Hire purchase loan from ICICI Bank, HDFC Bank, Karur Vysya Bank Limited & Kotak Mahindra Prime Limited are secured by hypothecation of the specific asset. The installments vary between each and every HP Loan and also the terms of repayment/ rate of interest/ equated monthly interest. The tenure of HP loan are on average of beyond 30 months.

	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>NOTE - 4 - DEFERRED TAX</b>		
<b>DEFERRED TAX LIABILITY</b>		
As per last Balance Sheet	237,746,282	230,097,588
Add : Transfer from Statement of Profit & Loss	26,689,350	7,648,694
<b>TOTAL AS PER BALANCE SHEET</b>	<b>264,435,632</b>	<b>237,746,282</b>
<b>NOTE - 5 - OTHER LONG TERM LIABILITIES</b>		
(a) From Related Party –Interest free deposit from Managing Director	91,012,000	91,012,000
(b) Long term monetary item in foreign currency: Foreign Currency Convertible Bond	543,893,000	508,700,000
<b>TOTAL AS PER BALANCE SHEET</b>	<b>634,905,000</b>	<b>599,712,000</b>

**Terms of Repayment**

FCCB carries 0% coupon with an YTM of 5% fall due in 2016.

**NOTE - 6 - LONG TERM PROVISIONS**

Gratuity provisions to working directors

**TOTAL AS PER BALANCE SHEET**

5,567,307	5,192,308
<b>5,567,307</b>	<b>5,192,308</b>

**NOTE - 7 - SHORT TERM BORROWINGS**

**a. Secured Loans**

Cash Credit

Packing Credit loan

Letter of Credit

1,048,382,879

243,351,248

647,440,896

710,508,336

270,009,170

602,480,894

**b. Unsecured Loans**

Inter Corporate Deposit

68,700,000

37,000,000

**TOTAL AS PER BALANCE SHEET**

**2,007,875,023**

**1,619,998,400**

**Working Capital, Packing credit loan & Letter of credit Facilities from Banks :**

The fund based and non-fund based working capital facilities are secured by a pari passu first charge on all the current assets and pari passu second charge on fixed assets of the Company. The said loans are also personally guaranteed by Chairman & Managing Director and two other Directors.

**NOTE - 8 - TRADE PAYABLES**

Due to Micro, Small & Medium Enterprises

Others

Due to subsidiary Company – Shriudha Ventures Pte Ltd, Singapore

**TOTAL AS PER BALANCE SHEET**

Nil	Nil
51,066,112	20,622,169
115,801,830	—
<b>166,867,942</b>	<b>20,622,169</b>



**NOTE - 9 - OTHER CURRENT LIABILITIES**

	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
(a) Current maturities of long-term debt		
i) Term Loan	238,239,189	163,079,601
ii) Hire Purchase Loan	4,946,626	20,698,225
(b) Current maturities of other Loan	938,809	578,157
(c) Interest accrued and due on borrowings	11,599,242	3,401,659
(d) Unclaimed Dividend	244,400	226,386
(e) Statutory Liabilities	15,214,054	24,503,676
(f) Other payable	16,671,807	51,624,558

**TOTAL AS PER BALANCE SHEET**
**287,854,127**
**264,112,262**
**NOTE - 10 - SHORT TERM PROVISIONS**

(a) Provision for Employee Benefits	2,758,116	4,865,895
(b) Provision for Other Expenses	3,356,960	9,178,480
(c) Provision for Taxation (Net of Advance payment of Taxes)	4,300,382	-
(d) Proposed Dividend	11,250,000	11,250,000
(e) Dividend Distribution Tax	1,825,031	1,825,031

**TOTAL AS PER BALANCE SHEET**
**23,490,489**
**27,119,406**
**NOTE - 12 - NON CURRENT INVESTMENT - AT COST**
**Other Investment (Non - Trade & Unquoted)**

(a) The Shamarao Vithal Co-operative Bank Limited (20000 shares @ ₹ 25/- each)	500,000	500,000
(b) Wholly Owned Subsidiary – Shriudha Ventures Pte Ltd., Singapore (1 share of ₹ 42/-)	42	-

**TOTAL AS PER BALANCE SHEET**
**500,042**
**500,000**

Aggregate value of unquoted investment

500,042

500,000

**NOTE - 13 - LONG TERM LOANS AND ADVANCES**
**Unsecured Considered Good**

Security Deposits with Government Agencies & Other Agencies	29,149,379	21,283,252
---	------------	------------

**TOTAL AS PER BALANCE SHEET**
**29,149,379**
**21,283,252**
**NOTE - 14 - OTHER NON CURRENT ASSETS**
**(a) Preliminary & other expenses**

Balance as per last balance sheet	3,279,548	5,530,301
Add : Incurred during the year	-	551,862
Less : Written off during the year	1,073,652	2,802,615
Total (a)	2,205,896	3,279,548

**(b) Foreign Currency Convertible Bonds expenses**

Balance as per last balance sheet	4,656,072	1,636,855
Add : Incurred during the year	-	4,183,235
Less : Written off during the year	1,164,018	1,164,018
Total (b)	3,492,054	4,656,072

**(c) Unsecured Considered Good**

ESI Recoverable	1,356,538	1,356,538
-----------------	-----------	-----------

**TOTAL AS PER BALANCE SHEET (a+b+c)**
**7,054,488**
**9,292,158**

**NOTE- 11 - FIXED ASSETS**

**TANGIBLE ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	Cost as at 01.04.2012	Additions/ Transfers during the year	Transfer from CWIP	Deletions / Transfers during the year	Cost as at 31.03.2013	Upto 31.03.2012	For the Year 2012-13	Deletions during the year	Transfer from CWIP	Total upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	109,814,506	14,021,805	-	-	123,836,311	-	-	-	-	-	123,836,311	109,814,506
Building	477,967,928	215,112,076	-	-	693,080,004	72,243,836	17,600,288	-	-	89,844,124	603,235,880	405,724,092
Plant & Equipment	1,483,197,844	680,871,585	345,643,449	343,500	2,509,369,378	476,977,211	115,198,066	-	204,027,828	796,203,105	1,713,166,273	1,006,220,633
Furniture & Fixtures	14,137,994	181,357	-	-	14,319,351	5,045,264	879,155	-	-	5,924,419	8,394,932	9,092,730
Office Equipments	22,246,453	3,657,366	-	-	25,903,819	10,276,757	1,800,363	-	-	12,077,120	13,826,699	11,969,696
Vehicles	143,152,953	33,174,553	-	45,524,975	130,802,531	51,048,981	14,805,541	20,196,431	-	45,658,091	85,144,440	92,103,972
<b>Total</b>	<b>2,250,517,678</b>	<b>947,018,742</b>	<b>345,643,449</b>	<b>45,868,475</b>	<b>3,497,311,394</b>	<b>615,592,049</b>	<b>150,283,413</b>	<b>20,196,431</b>	<b>204,027,828</b>	<b>949,706,859</b>	<b>2,547,604,535</b>	<b>1,634,925,629</b>
Figures for the previous year	2,570,872,914	194,650,932		515,006,168	2,250,517,678	786,563,371	108,445,080	279,416,402	-	615,592,049	1,634,925,629	1,784,309,543

**NOTE - 15 - INVENTORIES**

- (a) Raw materials
- (b) Work-in-progress
- (c) Finished goods
- (d) Stores and spares

**TOTAL AS PER BALANCE SHEET**

**NOTE - 16 - TRADE RECEIVABLES  
(Unsecured Considered Good)**

- (a) Outstanding for a period exceeding six months
- (b) Others

**TOTAL AS PER BALANCE SHEET**

**NOTE - 17 - CASH AND CASH EQUIVALENTS**

- (a) Cash on hand
- (b) Balances with Banks
  - i) Current Account
  - ii) Dividend account
- (c) Other Bank Balances
  - Margin money with maturity more than 12 months

**TOTAL AS PER BALANCE SHEET**

**NOTE - 18 - SHORT TERM LOANS AND ADVANCES  
(Unsecured Considered Good)**

- (a) Advances to Employees
- (b) Advances to Suppliers
- (c) Balance with Government Authorities
- (d) Advance Income Tax (Net of provisions)
- (e) MAT Credit entitlement
- (f) Prepaid Expenses

**TOTAL AS PER BALANCE SHEET**

**NOTE - 19 - OTHER CURRENT ASSETS  
(Unsecured Considered Good)**

- (a) Interest Accrued on Deposits
- (b) Export Incentive Receivable:
  - i) Duty Draw Back
  - ii) Export Focus Product Scheme

**TOTAL AS PER BALANCE SHEET**

**NOTE - 20 - REVENUE FROM OPERATION**

- (a) Sale of products
  - i) Finished Goods - Domestic
  - ii) Finished Goods - Export
- (b) Freight charges received

**TOTAL AS PER STATEMENT OF P & L**

**NOTE- 21 - OTHER INCOME**

- (a) Interest Income
- (b) Export Incentive / Receipts
- (c) Miscellaneous Income / Receipts
- (d) Sundry Creditors no longer payable written back

**TOTAL AS PER STATEMENT OF P & L**

	<b>AS AT 31.03.2013</b> ₹	<b>AS AT 31.03.2012</b> ₹
	1,055,764,880	919,463,348
	539,832,197	411,292,263
	55,538,609	14,591,765
	41,411,705	44,765,196
<b>TOTAL AS PER BALANCE SHEET</b>	<b>1,692,547,391</b>	<b>1,390,112,572</b>
	12,734,218	11,062,189
	1,058,149,274	758,071,390
<b>TOTAL AS PER BALANCE SHEET</b>	<b>1,070,883,492</b>	<b>769,133,579</b>
	3,155,281	3,319,740
	7,410,669	32,587,830
	244,401	226,386
	129,123,373	201,631,165
<b>TOTAL AS PER BALANCE SHEET</b>	<b>139,933,724</b>	<b>237,765,121</b>
	14,866,300	10,271,463
	144,260	134,230,851
	81,025,622	103,617,394
	-	8,651,095
	20,155,500	4,060,000
	4,241,756	2,290,494
<b>TOTAL AS PER BALANCE SHEET</b>	<b>120,433,438</b>	<b>263,121,297</b>
	508,180	1,488,834
	17,138,046	17,138,046
	8,706,557	19,022,143
<b>TOTAL AS PER BALANCE SHEET</b>	<b>26,352,783</b>	<b>37,649,023</b>
	<b>For the year ended</b> <b>31.03.2013</b> ₹	<b>For the year ended</b> <b>31.03.2012</b> ₹
	3,794,926,918	3,526,907,199
	888,205,709	824,032,207
	32,069,915	19,444,736
<b>TOTAL AS PER STATEMENT OF P &amp; L</b>	<b>4,715,202,542</b>	<b>4,370,384,142</b>
	10,932,554	14,610,626
	16,453,471	19,022,315
	2,589,422	8,646,708
	26,240	459,923
<b>TOTAL AS PER STATEMENT OF P &amp; L</b>	<b>30,001,687</b>	<b>42,739,572</b>

	For the year ended 31.03.2013 ₹	For the year ended 31.03.2012 ₹
<b>NOTE - 22 - COST OF MATERIALS CONSUMED</b>		
(a) Raw Material	3,164,571,924	2,833,413,566
(b) Packing Material	12,201,690	10,720,404
<b>TOTAL AS PER STATEMENT OF P &amp; L</b>	<b>3,176,773,614</b>	<b>2,844,133,970</b>
<b>NOTE - 23 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS</b>		
<b>(a) Inventories at the end of the year:</b>		
1. Work in Process		
Paper & Paper Bag	241,276,955	233,961,943
PP & FIBC Bag	298,555,242	177,330,320
2. Finished Goods		
Paper & Paper Bag	50,131,713	7,763,383
PP & FIBC Bag	5,406,896	6,828,382
	<b>595,370,806</b>	<b>425,884,028</b>
<b>(b) Inventories at the beginning of the year:</b>		
1. Work in Process		
Paper & Paper Bag	233,961,943	164,745,079
PP & FIBC Bag	177,330,320	196,052,583
2. Finished Goods		
Paper & Paper Bag	7,763,383	155,625,651
PP & FIBC Bag	6,828,382	-
	<b>425,884,028</b>	<b>516,423,313</b>
<b>(INCREASE) / DECREASE IN STOCK</b>	<b>(169,486,778)</b>	<b>90,539,285</b>
<b>NOTE - 24 - EMPLOYEE BENEFITS EXPENSE</b>		
<b>a. Employees other than Director's</b>		
(a) Salaries, Wages & Bonus	168,750,590	193,126,660
(b) Contribution to Provident Fund & other Funds	14,426,582	11,009,079
(c) Contribution to Gratuity	4,510,381	3,961,657
(d) Staff Welfare Expenses	18,680,841	22,426,717
(e) Security Charges	9,519,178	9,464,921
<b>b. Managerial Remuneration</b>		
(a) Managing Director	4,687,500	8,596,154
(b) Joint Managing Director	4,687,500	8,596,154
<b>TOTAL AS PER STATEMENT OF P &amp; L</b>	<b>225,262,572</b>	<b>257,181,342</b>
<b>NOTE - 25 - FINANCE COST</b>		
(a) Interest expense		
i. Bank on		
a. Term Loans	123,679,838	76,591,431
b. Working Capital Loan	166,669,767	133,593,580
c. HP loan	4,271,220	2,358,676
ii. Interest on Other Loans	29,501,538	30,440,150
(b) Other borrowing costs	43,652,064	8,363,097
(c) Bank charges	10,489,381	14,963,576
<b>TOTAL AS PER STATEMENT OF P &amp; L</b>	<b>378,263,808</b>	<b>266,310,510</b>
<b>NOTE - 26 - OTHER EXPENSES</b>		
<b>A. Manufacturing expenses</b>		
Stores & Spares Consumed	59,148,996	46,843,118
Repairs & Maintenance		
Plant & Machinery	30,485,752	4,897,663
Building	3,943,988	2,362,026
Power & Fuel	330,177,370	286,505,679
<b>Total ( a)</b>	<b>423,756,106</b>	<b>340,608,486</b>

	For the year ended 31.03.2013 ₹	For the year ended 31.03.2012 ₹
<b>B. Administrative Expenses</b>		
Subscription	658,308	1,083,790
Rent	2,441,300	2,582,755
Rates & Taxes	11,677,905	8,632,207
Insurance	4,607,511	4,482,717
Payment to Auditor:		
Audit Fees - Statutory	500,000	500,000
Tax Audit	25,000	25,000
Cost Audit	52,700	50,000
Reimbursement of Expenses	40,500	49,000
Professional charges	7,042,595	6,325,415
Telephone, Postage and Courier Charges	2,685,523	2,442,345
Travelling and Conveyance Charges	21,615,887	15,181,372
Printing & Stationery	2,443,813	2,345,655
General Expenses	6,694,743	6,097,311
Filing Fees and Listing Fees	831,783	363,000
Repairs & Maintenance		
General	1,881,538	3,136,286
Vehicles	20,512,753	26,970,207
Preliminary Expenses Written Off	1,073,653	2,802,616
Loss on Foreign Currency Fluctuation	2,611,613	80,729,966
Foreign Currency Convertible Bonds Expenses written off	1,164,018	1,164,018
Donation	796,209	2,461,324
Sitting Fees to Other Directors	66,000	68,000
<b>Total ( b)</b>	<b>89,423,352</b>	<b>167,492,984</b>
<b>C. Selling Expenses</b>		
Carriage Outwards	59,540,104	44,191,039
Loading & Unloading Expenses	811,511	586,395
Rebates and Discounts	998,486	1,762,362
Brokerage & Commission	3,467,098	3,597,294
ECGC Premium and Marine Insurance	1,542,336	1,108,406
Sample Supply	1,706,110	1,863,520
Advertisement Expenses	1,142,226	1,086,696
Sales promotion Expense	2,537,344	2,215,012
Research & Development Expenses	796,079	520,626
Bad Debts written off	214,657	3,315,370
<b>Total ( c)</b>	<b>72,755,951</b>	<b>60,246,720</b>
<b>TOTAL AS PER STATEMENT OF P &amp; L (a+b+c)</b>	<b>585,935,409</b>	<b>568,348,190</b>

As per our Report annexed

**For MSS Sriram & Co**

Chartered Accountants

ICAI Firm Registration No.007909S

**P.R.Mahadevan**

Partner

Membership Number:007377

Place : Karur

Date : 30<sup>th</sup> May, 2013

**V.VENKATESAN**

Company Secretary

**K.C.P.SHIVRAMAN**

Joint Managing Director

**K.C.PALLANI SHAMY**

Managing Director

## **27. DISCLOSURE PURSUANT TO ACCOUNTING POLICIES**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Company follows accrual concept of accounting in preparing accounts. The financial statements have been prepared on going concern basis adopting historical cost and conform to the general and normally accepted accounting practices. Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 have been followed to the extent applicable in preparation of Annual Accounts. Appropriate Accounting Policies have been selected and applied consistently. Judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as on the date of the Balance Sheet and the Financial Results of the Company for the year ended on that date.

#### **B. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/ materialized.

#### **C. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition including any attributable cost for bringing the assets to its working condition for its intended use less accumulated depreciation.

#### **D. INVESTMENTS**

Investments, being long-term are stated at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in nature.

#### **E. INVENTORIES**

Raw material, Work in Progress, Finished Goods, Waste, Stores are Valued at cost or realizable value whichever is lower. Company is adopting FIFO method in respect of all inputs. Excise Duty liability on manufactured finished goods lying in factory premises is included in the valuation.

#### **F. LIABILITIES**

Liabilities acknowledged as debts are taken into account, while contingent and disputed liabilities, if any, are not provided for and are disclosed by way of a note.

#### **G. PROPOSED DIVIDEND**

Dividend proposed by Directors, if any, is provided for in the books of accounts pending approval at the Annual General Meeting.

#### **H. REVENUE RECOGNITION**

Revenue from Sales is recognized once the title is passed on to the buyer. Sales include excise duty, cess, and other levies. Expenses incurred on account of raising of Foreign Currency Convertible Bonds Loan (FCCB) and Global Depository Receipts (GDR) are treated as deferred revenue expenditure and amortized over a period of five years. In respect of other income and expenses it is recognized based on the contractual rights and obligations. Dividend and yields due, if any, are recognized when the right to receive the payment is established unconditionally and no significant uncertainty exists as to its measurability or correctibility.

#### **I. DEPRECIATION ACCOUNTING**

Depreciation is provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act.

Depreciation on additions/deletions in respect of fixed assets are charged up to the date on which the assets is available for use / disposal.

#### **J. FOREIGN EXCHANGE TRANSACTIONS**

Foreign Exchange Transactions are accounted at the exchange rates prevailing on the date of transactions. The amount due to or from others as at the Balance Sheet date are updated at the then prevailing exchange rates and the variation is considered as income or expenditure as the case may be. The Premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of respective contracts. Exchange differences on such contracts are recognized in

the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expenses for the year.

**K. RESEARCH AND DEVELOPMENT**

Capital Expenditure on Research and Development, if any, are capitalized and depreciated. The revenue expenditure on Research and Development, if any, is written off in the year in which it is incurred.

**L. BORROWING COSTS**

In respect of those asset that takes necessarily a substantial period to get ready for its intended use, borrowing costs directly attributable are capitalized as part of the cost of the asset. In respect of funds generally borrowed and used for acquiring such assets, the borrowing costs are capitalized at capitalization rate which is determined based on the borrowing rate.

**M. EARNING PER SHARE**

Basic / Diluted Earning per share has been computed with reference to the Weighted Average Number of Shares.

**N. EMPLOYEES BENEFITS**

a. Short Term Benefits:-

Short term employees benefits are charged at the undiscounted amount to profit and loss account in the year in which the related service is rendered.

b. Defined Contribution Plan:-

Payments to defined contribution schemes are remitted to the regulatory authorities and charged as expenses as and when incurred.

c. Defined Benefit Plan:-

The Company has Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees administered through trust funded with Life insurance Corporation of India, Thanjavur.

**O. CASH FLOW STATEMENT**

Cash Flow Statement has been prepared under Indirect Method. Cash and Cash Equivalents comprise Cash in Hand, and Accounts held with Banks.

**P. NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES**

Significant items or Extra-ordinary Items and Prior period Incomes and Expenditures, if any are accounted in accordance with Accounting Standard 5.

**Q. SEGMENT REPORTING**

The Company has identified three business segments viz., Paper, Pager Bags and PP & FIBC Bags. Revenue and expenses have been identified to respective segments on the basis of operating activities of the Enterprises. Revenue and expenses which relate to the enterprises as a whole and are not allocable to a segment on a reasonable basis has been disclosed as unallocable revenue and expenses.

**R. ACCOUNTING FOR TAXES ON INCOME**

a. Tax expense includes current taxes and deferred taxes.

b. Current tax is provided on the taxable income of the tax accounting year at the applicable rate of that year.

c. Deferred taxes reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. The Tax effects of significant temporary differences are reflected through Deferred Tax Liabilities which has been reflected in the Balance Sheet and the corresponding effects of the same is given in the Profit and Loss Account

d. The Net effect of taxation due to:

i. Income or expenditure accounted in a year and considered for taxation either in full or in part in a different year and

- ii. Unadjusted carry forward losses / depreciation for an year computed in accordance with the provisions of the Income Tax Act 1961 is accounted subject to prudence and reasonable certainty in the said year and displayed in the financial statements accordingly.
- e. Minimum Alternative Tax (MAT), if any, credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit entitlement.

### **S. IMPAIRMENT OF ASSETS**

The Company makes an assessment on the balance sheet date to determine whether there is any indication of impairment in the carrying amount of its fixed assets and on any such indication, the recoverable amounts are estimated and an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

### **T. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Pursuant to Accounting Standard 29 Provisions Contingent Liabilities and Contingent Assets, the Company recognizes provisions only when it has a present obligations a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to its present value and are determined based on judgement and best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates. A disclosure of contingent liability is made where it is more likely than not, that a present obligation or possible obligation would not result in or involve an out flow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.



**28. DISCLOSURE PURSUANT TO ACCOUNTING STANDARDS**

**A. Disclosures regarding Employees Benefits**

Defined Contribution Plan : The Company contributed towards Provident Fund.

144

110

Defined Benefit Plan : Gratuity

The Company has contributed a gratuity fund for the benefit of its employees. The Company's Gratuity scheme is administered by Life Insurance Corporation of India under Group Gratuity Scheme to which the Company contributes premium as determined by Life Insurance Corporation of India as per Actuarial Valuation. The contribution so made during the year. Other requirements as per AS 15 have not been considered as the entire fund is managed by the Life Insurance Corporation of India.

45

40

**B. Disclosures regarding Borrowing Costs**

Pursuant to Accounting Standard-16, the Company has capitalized the borrowing costs of in respect of qualifying assets.

427

409

**C. Disclosures regarding Segment Reporting**

The Company business segment analysis are as under:-

Information about primary segment-Business segment	Name of Segment (₹ In Lakhs)							
	Paper Division		Paper Bags Division		PP & FIBC Division		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue:								
Sales-Domestic	19556	15941	15198	14888	3516	4634	38270	35463
Sales-Export	-	-	-	-	8882	8240	8882	8240
Other Income	81	201	13	8	206	218	300	427
Segment Result-Operating profit	3716	1660	601	894	1807	1521	6124	4075
Financial Charges	2260	1404	339	185	1184	1074	3783	2663
Profit before Depreciation, Preliminary/FCCB expenses W/O	1456	256	262	709	623	447	2341	1412
Segment Depreciation, Preliminary/FCCB expenses W/O	934	498	230	226	361	400	1525	1124
Profit before exceptional items Revenue/(Loss)	522	(242)	32	483	262	47	816	288
Exceptional Items	48	853	-	-	(53)	(5)	(5)	848
Net profit/(Loss) before Tax	570	611	32	483	209	42	811	1136

**D. Disclosures relating to Related Party**

i) List of the Key Managerial Personnel with whom transactions have been taken place and relationships

Shri K.C.Pallani Shamy	Key Managerial Personnel
Shri K.C.P. Shivraman	
Smt.SR.Sudhaa	

ii) Transactions during the year with related parties

Nature of Transactions	Key Managerial personnel	
	31.03.2013 ₹ In Lakhs	31.03.2012 ₹ In Lakhs
Expenditure		
Rent	4.80	6.49
Hire Charges	1.20	2.20
Remuneration to Directors	90.00	120.00
Gratuity to Directors	3.75	51.92
Sitting Fees to Director	0.10	0.10
Remuneration to Key managerial personnel	18.00	18.00

**E. Disclosures regarding Earning Per share**

Earnings per share has been computed as under

		31.03.2013	31.03.2012
Profit After Tax (₹ In Lakhs)	(a)	456	861
Weighted average number of equity shares outstanding	(b)	11250000	11250000
Effect of potential equity shares on conversion of FCCB loan outstanding	(c)	1359733	1271750
Weighted average number of equity shares in computing diluted earning per share (b+c)	(d)	12609733	12521750
Earnings per share on profit after tax (Face value of ₹ 10/- each)			
-Basic (₹)	(a/b)	4.05	7.65
-Diluted (₹)	(a/d)	3.62	6.87

**F. Disclosures regarding Accounting for Taxes on Income**

**Deferred Tax liability on account of depreciation (₹ in Lakhs)**

Opening Balance	2377	2301
Add: Created during the year	267	76
<b>Closing Balance</b>	<b>2644</b>	<b>2377</b>

**29. ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS**

**ADDITIONAL INFORMATION PURSUANT TO MICRO SMALL AND MEDIUM ENTERPRISES ACT,2006**

The Company has not received any memorandum

(a) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting year

(b) the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year

(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act,2006.

(d) the amount of interest accrued and remaining unpaid as at the end of the accounting year

(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act,2006

	31.03.2013 ₹ In Lakhs	31.03.2012 ₹ In Lakhs
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil

**30. DISCLOSURE PURSUANT TO FINANCIAL STATEMENTS**

**A. Disclosures regarding Contingent, Disputed liabilities and Commitments**

**Contingent liabilities on:**

Factoring / Bills / Cheque discounting facilities availed  
FCCB interest

31.03.2013 ₹ In Lakhs	31.03.2012 ₹ In Lakhs
1239	964
1904	1834
<b>Disputed statutory liabilities not provided for:</b>	
Central Excise / Service Tax	
119	119
<b>Commitments:</b>	
Estimated amount of contracts to be executed on capital accounts and not provided for	
47	1872
<b>B. Disclosures regarding Dividend</b>	
Amount per share (₹)	
1	1
Rate per share	
10%	10%
<b>C. Turnover of Finished goods</b>	
ESK Paper	
19556	15941
Paper Bag	
15198	14888
Polypropylene Bag	
12398	12874
<b>D. Sale includes inter division transfers</b>	
Sales of finished goods with inclusive of Inter unit sales	
13842	13697
Sales of Energy to inter unit	
1721	312

**Disputed statutory liabilities not provided for:**

Central Excise / Service Tax

**Commitments:**

Estimated amount of contracts to be executed on capital accounts and not provided for

**B. Disclosures regarding Dividend**

Amount per share (₹)

Rate per share

**C. Turnover of Finished goods**

ESK Paper

Paper Bag

Polypropylene Bag

**D. Sale includes inter division transfers**

Sales of finished goods with inclusive of Inter unit sales

Sales of Energy to inter unit

	31.03.2013 ₹ In Lakhs	31.03.2012 ₹ In Lakhs
<b>E. Stock of Finished Goods</b>		
<b>ESK Paper</b>		
Stock at opening	78	1556
Stock at closing	501	78
<b>Paper Bag</b>		
Stock at opening	Nil	Nil
Stock at closing	Nil	Nil
<b>Polypropylene Bag</b>		
Stock at opening	68	Nil
Stock at closing	54	68
<b>F. Purchase of Raw Materials</b>		
Wood Pulp & Waste Paper	9677	9575
ESK Paper	12494	11714
Polypropylene Granules	7871	7876
Note:- Other items do not individually account more than 10% of total purchase.		
<b>G. Raw Material Consumed</b>		
Wood Pulp & Waste Paper	9180	8610
ESK Paper	11709	11835
Polypropylene Granules	8387	7889
<b>H. Imported and Indigenous material consumed during the year</b>		

	31.03.2013 ₹ In Lakhs	%	31.03.2012 ₹ In Lakhs	%
<b>Wood Pulp &amp; Waste Paper</b>				
Imported	8469	92	6861	80
Indigenous	711	8	1748	20
<b>Paper</b>				
Imported	257	2	586	5
Indigenous	11452	98	11249	95
<b>Polypropylene Granules</b>				
Imported	154	2	787	10
Indigenous	8233	98	7102	90

	<b>31.03.2013</b> ₹ In Lakhs	<b>31.03.2012</b> ₹ In Lakhs
<b>I. Remittance in Foreign Exchange on account of dividends</b>		
Number of non resident shareholders	14587	14267
Amount of dividends ( in ₹)	12.65	Nil
Year to which it relates	2011-12	Nil
<b>J. Earnings in foreign Exchange</b>		
Export of Finished Goods	8882	8240
<b>K. Expenditure on Foreign Currency</b>		
Value of Imports CIF		
i) Raw Materials	8456	8234
ii) Chemicals	100	231
iii) Components and Spares	114	214
iv) Capital Goods	24	161
Travelling Expenses	19	9
<b>L. Managerial Remuneration</b>		
Remuneration paid to Shri K.C.Pallani Shamy, Chairman & Managing Director	45	60
Add: Provision for Gratuity	2	26
Total	47	86
Remuneration paid to Shri K.C.P. Shivraman, Joint Managing Director	45	60
Add: Provision for Gratuity	2	26
Total	47	86
Managerial remuneration paid during the year represents minimum remuneration as per Sec. 309(3) of Companies Act,1956		
<b>M. Provision for Gratuity to Working Directors</b>		
Opening Balance	52	-
Add: Recognized during the year	4	52
Closing Balance	56	52

The Company had recognised gratuity payable to working directors and the liability stand ascertained in accordance of provision for Payment of Gratuity Act 1972, during the year 2011-12 and the incremental liability provided this year.

**O. Income tax assessment status**

Income Tax Assessments have been completed up to Assessment year 2011-12.

**31. OTHER DISCLOSURES**

A. The Company has received an advance of USD 21,69,559 from its Wholly Owned Subsidiary M/s Shriudha Ventures Pte Ltd., Singapore during this year. The company to incorporate its subsidiary and meet other costs, has advanced USD 10,000 and the net credit of USD 21,59,559 is reflected as due to subsidiary company.

- B. The balances due from receivables, advances made, and payables are subject to confirmation from the party concerned. In the absence of the confirmation, the figures are as stated as per the ledger and will be reconciled in case of any discrepancy.
- C. In the opinion of the board of directors, assets other than fixed assets and non current investments have the value of revaluation in the ordinary course of business, at least equal to amount at which they are stated.
- D. Figures of the previous year have been reworked, regrouped and reclassified wherever necessary to conform to current year's presentation.

As per our Report annexed  
**For MSS Sriram & Co**  
Chartered Accountants  
ICAI Firm Registration No.007909S

**P.R.Mahadevan**  
Partner  
Membership Number:007377  
Place : Karur  
Date : 30<sup>th</sup> May, 2013

**V.VENKATESAN**  
Company Secretary

**K.C.P.SHIVRAMAN**  
Joint Managing Director

**K.C.PALLANI SHAMY**  
Managing Director

**STATEMENT PURSUANT TO GENERAL EXEMPTION  
UNDER SECTION 212(8) OF THE COMPANIES ACT,1956  
RELATING TO SUBSIDIARY COMPANIES  
FOR THE YEAR ENDED ON 31ST MARCH,2013**

₹ in lakhs

Name of Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserve	Total Liabilities	Turnover	Profit before Taxation	Profit after Taxation	Proposed Dividend
Shriudha Ventures Pte. Ltd.	USD	1 USD = ₹ 54.3893	5	61	1,123	23,317	64	61	-

## To the Board of Directors of Karur K.C.P. Packagings Limited

We have audited the accompanying consolidated financial statements of Karur K.C.P. Packagings Limited ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 consolidated financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditor on the financial statements of the subsidiary referred to below in Other Matter paragraph, the aforesaid consolidated 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:

- in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### **Other Matter**

We did not audit the financial statements of Shirudha Venture Pte. Ltd., the subsidiary company whose financial statements reflect total assets (net) of ₹ 60,57,977 as at 31st March 2013, total revenues of ₹ 2,33,17,37,386 and net cash flows amounting to ₹ 9,10,694 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the other auditor whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of the other auditor and on the information and explanations for the purpose of the consolidation referred to herein, furnished to us by the "Karur K.C.P. Packagings Limited".

Our opinion is not qualified in respect of other matters.

Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**For MSS SRIRAM & Co.,**  
**Chartered Accountants**  
**ICAI Firm Registration No 007909S**

**P.R.MAHADEVAN**  
**Partner**  
**Membership Number : 007377**



# CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

Particulars	Note No.	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders Funds</b>			
(a) Share capital	1	112,500,000	112,500,000
(b) Reserves and Surplus	2	1,505,921,314	1,467,371,053
<b>Sub-total-Shareholders Funds</b>		<b>1,618,421,314</b>	<b>1,579,871,053</b>
<b>2 Non-Current Liabilities</b>			
(a) Long-term borrowings	3	731730,769	633,100,990
(b) Deferred tax liabilities (net)	4	264,435,632	237,746,282
(c) Other long-term liabilities	5	634,905,000	599,712,000
(d) Long-term provisions	6	5,567,307	5,192,308
<b>Sub-total-Non-Current Liabilities</b>		<b>1,636,638,708</b>	<b>1,475,751,580</b>
<b>3 Current Liabilities</b>			
(a) Short-term borrowings	7	2,007,875,023	1,619,998,400
(b) Trade Payables	8	49,411,052	20,622,169
(c) Other Current liabilities	9	399,788,448	264,112,262
(d) Short-term provisions	10	23,865,775	27,119,406
<b>Sub-total- Current Liabilities</b>		<b>2,480,940,298</b>	<b>1,931,852,237</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,736,000,320</b>	<b>4,987,474,870</b>
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		2,547,604,535	1,634,925,629
(ii) Capital work-in-progress		100,630,396	623,692,239
(b) Non-Current investments	12	500,000	500,000
(c) Long-term loans and advances	13	29,149,379	21,283,252
(d) Other non-current assets	14	7,054,488	9,292,158
<b>Sub-total- Non-Current Assets</b>		<b>2,684,938,798</b>	<b>2,289,693,278</b>
<b>2 Current Assets</b>			
(a) Inventories	15	1,692,547,391	1,390,112,572
(b) Trade receivables	16	1,070,883,492	769,133,579
(c) Cash and cash equivalents	17	140,844,418	237,765,121
(d) Short-term loans and advances	18	120,433,438	263,121,297
(e) Other Current assets	19	26,352,783	37,649,023
<b>Sub-total - Current Assets</b>		<b>3,051,061,522</b>	<b>2,697,781,592</b>
<b>TOTAL ASSETS</b>		<b>5,736,000,320</b>	<b>4,987,474,870</b>

The accompanying notes are an integral part of the financial statements.

As per our Report annexed

**For MSS Sriram & Co**

Chartered Accountants

ICAI Firm Registration No.007909S

**P.R.Mahadevan**

Partner

Membership Number:007377

Place : Karur

Date : 2<sup>nd</sup> September, 2013

**V.VENKATESAN**

Company Secretary

**K.C.P.SHIVRAMAN**

Joint Managing Director

**K.C.PALLANI SHAMY**

Managing Director

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

Particulars	Note No.	FOR THE YEAR ENDED 31.03.2013 ₹	FOR THE YEAR ENDED 31.03.2012 ₹
<b>I Income</b>			
Revenue from operations	20	7,046,939,928	4,370,384,142
Less: Excise Duty		316,583,939	249,356,692
<b>Revenue from Operations (Net)</b>		6,730,355,989	4,121,027,450
Other Income	21	30,001,687	42,739,572
<b>Total Revenue</b>		<b>6,760,357,676</b>	<b>4,163,767,022</b>
<b>II Expenses</b>			
Cost of materials consumed	22	5,498,120,142	2,844,133,970
Changes in inventories of finished goods, work-in-progress	23	(169,486,778)	90,539,285
Employee benefits expense	24	225,328,329	257,181,342
Financial costs	25	381,646,551	266,310,510
Depreciation and amortization expense		150,283,413	108,445,080
Other expenses	26	586,444,547	568,348,190
<b>Total Expenses</b>		<b>6,672,336,204</b>	<b>4,134,958,377</b>
<b>III Profit before exceptional and extraordinary items and tax (I -II)</b>		88,021,472	28,808,645
<b>IV Exceptional Items</b>		(477,045)	84,835,787
<b>V Profit before tax (III +IV)</b>		87,544,427	113,644,432
<b>VI Tax expense:</b>			
Current tax		16,875,286	24,000,000
Less: MAT credit entitlement		(16,095,500)	(4,060,000)
Provision for earlier year		8,450,000	-
Deferred tax		26,689,350	7,648,694
<b>VII Profit for the period from continuing operations (V-VI)</b>		<b>51,625,291</b>	<b>86,055,738</b>
<b>VIII Earning per equity share ( Face value of ₹ 10/- each)</b>			
Basic		4.59	7.65
Diluted		4.09	6.87

The accompanying notes are an integral part of the financial statements.

As per our Report annexed  
**For MSS Sriram & Co**  
Chartered Accountants  
ICAI Firm Registration No.007909S

**P.R.Mahadevan**  
Partner  
Membership Number:007377  
Place : Karur  
Date : 2<sup>nd</sup> September, 2013

**V.VENKATESAN**  
Company Secretary

**K.C.P.SHIVRAMAN**  
Joint Managing Director

**K.C.PALLANI SHAMY**  
Managing Director

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

Particulars	2012-13 ₹	2011-12 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	87,544,427	113,644,432
<b>Add:</b>		
Depreciation	150,283,413	108,445,080
Preliminary Expenses	2,237,671	3,966,633
Financial Charges	381,646,551	266,310,510
Loss on Sale of Fixed Assets	477,045	-
<b>Less:</b>		
Profit on Sale of Fixed Assets	-	84,835,787
Interest Income	10,932,554	14,610,626
Dividend Income	60,000	60,000
Exchange Fluctuation relating to FCCB	(35,193,000)	(62,200,000)
<b>Operating profit before working capital changes</b>	<b>646,389,553</b>	<b>455,060,242</b>
<b>Working Capital Changes</b>		
Decrease/(Increase) in Inventories	(302,434,818)	(110,254,920)
Decrease/(Increase) in Sundry Debtors	(301,749,913)	63,841,441
Decrease/(Increase) in Other current assets	11,296,240	(40,013,057)
Decrease/(Increase) in Loans and Advances	142,687,859	(70,851,671)
Decrease/(Increase) in Other Assets	-	-
(Decrease)/Increase in Trade Payable, Current Liabilities and Provisions	160,836,195	(7,905,227)
<b>Cash flow before Exceptional Items</b>	<b>357,025,116</b>	<b>291,853,889</b>
<b>Exceptional Items</b>		
Add: Proceeds from sale of land	-	13,340,678
<b>Net Cash flow from Operating Activities</b>	<b>357,025,116</b>	<b>305,194,567</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	24,711,500	100,074,378
Interest Received	10,932,554	14,610,626
Dividend Received	60,000	60,000
<b>Less:</b>		
Purchase of Fixed Assets	824,620,506	506,788,910
<b>Net Cash used in Investing Activities</b>	<b>(788,916,452)</b>	<b>(392,043,906)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	729,692,217	277,994,013
<b>Less:</b>		
Financial Charges	381,646,551	266,310,510
Dividend paid and Corporate tax there on	13,075,031	-
<b>Net Cash paid in Financing Activities</b>	<b>334,970,635</b>	<b>11,683,503</b>
<b>D) TOTAL INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT DURING THE YEAR</b>	<b>(96,920,703)</b>	<b>(75,165,836)</b>
Cash and Cash equivalents at the beginning of the year	237,765,121	312,930,957
Cash and Cash equivalents at the closing of the year	<b>140,844,418</b>	<b>237,765,121</b>
<b>Reconciliation of Cash &amp; Cash Equivalents with the Balance Sheet:</b>		
Cash & Cash Equivalents as per balance sheet (Refer Note.17)	140,844,418	237,765,121
Less: Bank Balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements	-	-
Deposits for Margin Money	129,123,373	201,631,165
Unpaid Dividend Accounts	244,401	226,386
Net Cash & Cash Equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17	11,476,644	35,907,570
Cash & Cash Equivalents at the closing of the year	11,476,644	35,907,570

As per our Report annexed

**For MSS Sriram & Co**

Chartered Accountants

ICAI Firm Registration No.007909S

**P.R.Mahadevan**

Partner

Membership Number:007377

Place : Karur

Date : 2<sup>nd</sup> September, 2013

**V.VENKATESAN**

Company Secretary

**K.C.P.SHIVRAMAN**

Joint Managing Director

**K.C.PALLANI SHAMY**

Managing Director

	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>NOTE - 1 - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
2,00,00,000 Equity Shares of ₹ 10/- each	200,000,000	200,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,12,50,000 Equity Shares of ₹ 10/- each fully paid	112,500,000	112,500,000
<b>TOTAL</b>	<b>112,500,000</b>	<b>112,500,000</b>
<b>NOTE-2 - RESERVES &amp; SURPLUS</b>		
<b>A. Securities Premium account</b>		
As per last Balance Sheet	670,666,500	670,666,500
<b>Closing balance (Total - A)</b>	<b>670,666,500</b>	<b>670,666,500</b>
<b>B. General Reserve account</b>		
As per last Balance Sheet	210,000,000	180,000,000
Add :- Transfer from the Statement of Profit & loss	30,000,000	30,000,000
<b>Closing balance (Total - B)</b>	<b>240,000,000</b>	<b>210,000,000</b>
<b>C. Surplus</b>		
Opening balance	586,704,553	543,723,846
Add :- Net profit for the year	51,625,292	86,055,738
Less:- Appropriations		
Transfer to General Reserve	30,000,000	30,000,000
Proposed Dividend	11,250,000	11,250,000
Tax on proposed Dividend	1,825,031	1,825,031
<b>Closing balance (Total - C)</b>	<b>595,254,814</b>	<b>586,704,553</b>
<b>TOTAL AS PER BALANCE SHEET (A+B+C)</b>	<b>1,505,921,314</b>	<b>1,467,371,053</b>
<b>NOTE - 3 - LONG TERM BORROWINGS</b>		
<b>a. Secured Term Loan from Banks</b>		
Wind Mills	50,249,291	73,080,221
Co-gen Power Plant	442,545,881	417,503,658
<b>b. Other Secured Loans :</b>		
Corporate Loans	210,828,086	126,388,739
<b>c. Unsecured Loans :</b>		
Hire Purchase Loans	28,107,511	16,128,372
<b>TOTAL AS PER BALANCE SHEET</b>	<b>731,730,769</b>	<b>633,100,990</b>
<b>NOTE - 4 - DEFERRED TAX</b>		
<b>DEFERRED TAX LIABILITY</b>		
As per last Balance Sheet	237,746,282	230,097,588
Add : Transfer from Statement of Profit & Loss	26,689,350	7,648,694
<b>TOTAL AS PER BALANCE SHEET</b>	<b>264,435,632</b>	<b>237,746,282</b>

	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>NOTE - 5 - OTHER LONG TERM LIABILITIES</b>		
(a) From Related Party –Interest free deposit from Managing Director	91,012,000	91,012,000
(b) Long term monetary item in foreign currency: Foreign Currency Convertible Bond	543,893,000	508,700,000
<b>TOTAL AS PER BALANCE SHEET</b>	<b>634,905,000</b>	<b>599,712,000</b>
<b>NOTE - 6 - LONG TERM PROVISIONS</b>		
Gratuity provisions to working directors	5,567,307	5,192,308
<b>TOTAL AS PER BALANCE SHEET</b>	<b>5,567,307</b>	<b>5,192,308</b>
<b>NOTE - 7 - SHORT TERM BORROWINGS</b>		
a. Secured Loans		
Cash Credit	1,048,382,879	710,508,336
Packing Credit loan	243,351,248	270,009,170
Letter of Credit	647,440,896	602,480,894
b. Unsecured Loans		
Inter Corporate Deposit	68,700,000	37,000,000
<b>TOTAL AS PER BALANCE SHEET</b>	<b>2,007,875,023</b>	<b>1,619,998,400</b>
<b>NOTE - 8 - TRADE PAYABLES</b>		
Due to Micro, Small & Medium Enterprises	Nil	Nil
Others	49,411,052	20,622,169
<b>TOTAL AS PER BALANCE SHEET</b>	<b>49,411,052</b>	<b>20,622,169</b>
<b>NOTE - 9 - OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt		
i) Term Loan	238,239,189	163,079,601
ii) Hire Purchase Loan	4,946,626	20,698,225
(b) Current maturities of other Loan	938,809	578,157
(c) Interest accrued and due on borrowings	11,599,242	3,401,659
(d) Unclaimed Dividend	244,400	226,386
(e) Statutory Liabilities	15,214,054	24,503,676
(f) Advance money received for Issuance of Convertible Debentures	111,552,454	--
(g) Expenses payable	17,053,674	51,624,558
<b>TOTAL AS PER BALANCE SHEET</b>	<b>399,788,448</b>	<b>264,112,262</b>
<b>NOTE - 10 - SHORT TERM PROVISIONS</b>		
(a) Provision for Employee Benefits	2,758,116	4,865,895
(b) Provision for Other expenses	3,356,960	9,178,480
(c) Provision for Taxation (Net of Advance payment of Taxes)	4,675,668	--
(d) Proposed Dividend	11,250,000	11,250,000
(e) Dividend Distribution Tax	1,825,031	1,825,031
<b>TOTAL AS PER BALANCE SHEET</b>	<b>23,865,775</b>	<b>27,119,406</b>

**NOTE- 11 - FIXED ASSETS**

**TANGIBLE ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	Cost as at 01.04.2012	Additions/ Transfers during the year	Transfer from CWIP	Deletions / Transfers during the year	Cost as at 31.03.2013	Upto 31.03.2012	For the Year 2012-13	Deletions during the year	Transfer from CWIP	Total upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land	109,814,506	14,021,805	-	-	123,836,311	-	-	-	-	-	123,836,311	109,814,506
Building	477,967,928	215,112,076	-	-	693,080,004	72,243,836	17,600,288	-	-	89,844,124	603,235,880	405,724,092
Plant & Equipment	1,483,197,844	680,871,585	345,643,449	343,500	2,509,369,378	476,977,211	115,198,066	-	204,027,828	796,203,105	1,713,166,273	1,006,220,633
Furniture & Fixtures	14,137,994	181,357	-	-	14,319,351	5,045,264	879,155	-	-	5,924,419	8,394,932	9,092,730
Office Equipments	22,246,453	3,657,366	-	-	25,903,819	10,276,757	1,800,363	-	-	12,077,120	13,826,699	11,969,696
Vehicles	143,152,953	33,174,553	-	45,524,975	130,802,531	51,048,981	14,805,541	20,196,431	-	45,658,091	85,144,440	92,103,972
<b>Total</b>	<b>2,250,517,678</b>	<b>947,018,742</b>	<b>345,643,449</b>	<b>45,868,475</b>	<b>3,497,311,394</b>	<b>615,592,049</b>	<b>150,283,413</b>	<b>20,196,431</b>	<b>204,027,828</b>	<b>949,706,859</b>	<b>2,547,604,535</b>	<b>1,634,925,629</b>
Figures for the previous year	2,570,872,914	194,650,932		515,006,168	2,250,517,678	786,563,371	108,445,080	279,416,402	-	615,592,049	1,634,925,629	1,784,309,543

	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>NOTE - 12 - NON CURRENT INVESTMENT</b>		
<b>Other Investment (Non - Trade &amp; Unquoted)</b>		
The Shamarao Vithal Co-operative Bank Limited (20000 shares @ ₹ 25/- each)	500,000	500,000
<b>TOTAL AS PER BALANCE SHEET</b>	<b>500,000</b>	<b>500,000</b>
<b>NOTE - 13 - LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured Considered Good</b>		
Security Deposits with Government Agencies & Other Agencies	29,149,379	21,283,252
<b>TOTAL AS PER BALANCE SHEET</b>	<b>29,149,379</b>	<b>21,283,252</b>
<b>NOTE - 14 - OTHER NON CURRENT ASSETS</b>		
<b>(a) Preliminary &amp; other expenses</b>		
Balance as per last balance sheet	3,279,548	5,530,301
Add : Addition during the year	-	551,862
Less : Written off during the year	1,073,652	2,802,615
Total (a)	2,205,896	3,279,548
<b>(b) Foreign Currency Convertible Bonds expenses</b>		
Balance as per last balance sheet	4,656,072	1,636,855
Add: Addition during the year	-	4,183,235
Less : Written off during the year	1,164,018	1,164,018
Total (b)	3,492,054	4,656,072
<b>(c) Unsecured Considered Good</b>		
ESI Recoverable	1,356,538	1,356,538
<b>TOTAL AS PER BALANCE SHEET (a+b+c)</b>	<b>7,054,488</b>	<b>9,292,158</b>
<b>NOTE - 15 - INVENTORIES</b>		
(a) Raw materials	1,055,764,880	919,463,348
(b) Work-in-progress	539,832,197	411,292,263
(c) Finished goods	55,538,609	14,591,765
(d) Stores and spares	41,411,705	44,765,196
<b>TOTAL AS PER BALANCE SHEET</b>	<b>1,692,547,391</b>	<b>1,390,112,572</b>
<b>NOTE - 16 - TRADE RECEIVABLES (Unsecured Considered Good)</b>		
(a) Outstanding for a period exceeding six months	12,734,218	11,062,189
(b) Others	1,058,149,274	758,071,390
<b>TOTAL AS PER BALANCE SHEET</b>	<b>1,070,883,492</b>	<b>769,133,579</b>
<b>NOTE - 17 - CASH AND CASH EQUIVALENTS</b>		
(a) Cash on hand	3,155,335	3,319,740
(b) Balances with Banks		
i) Current Account	8,321,309	32,587,830
ii) Dividend account	244,401	226,386
(c) Other Bank Balances		
Margin money with maturity more than 12 months	129,123,373	201,631,165
<b>TOTAL AS PER BALANCE SHEET</b>	<b>140,844,418</b>	<b>237,765,121</b>

	<b>AS AT 31.03.2013</b> ₹	<b>AS AT 31.03.2012</b> ₹
<b>NOTE - 18 - SHORT TERM LOANS AND ADVANCES</b> (Unsecured Considered Good)		
(a) Advances to Employees	14,866,300	10,271,463
(b) Advances to Suppliers	144,260	134,230,851
(c) Balance with Government Authorities	81,025,622	103,617,394
(d) Advance Income Tax (Net of provisions)	-	8,651,095
(e) MAT Credit entitlement	20,155,500	4,060,000
(f) Prepaid Expenses	4,241,756	2,290,494
<b>TOTAL AS PER BALANCE SHEET</b>	<b>120,433,438</b>	<b>263,121,297</b>
<b>NOTE - 19 - OTHER CURRENT ASSETS</b> (Unsecured Considered Good)		
(a) Interest Accrued on Deposits	508,180	1,488,834
(b) Export Incentive Receivable :		
i) Duty draw back	17,138,046	17,138,046
ii) Export Focus Product Scheme	8,706,557	19,022,143
<b>TOTAL AS PER BALANCE SHEET</b>	<b>26,352,783</b>	<b>37,649,023</b>
	<b>For the year ended 31.03.2013</b> ₹	<b>For the year ended 31.03.2012</b> ₹
<b>NOTE - 20 - REVENUE FROM OPERATION</b>		
(a) Sale of products		
i) Finished Goods- (a) Domestic	3,794,926,918	3,526,907,199
(b) Export	888,205,709	824,032,207
ii) Traded Goods	2,331,737,386	-
(b) Freight charges received	32,069,915	19,444,736
<b>TOTAL AS PER STATEMENT OF P &amp; L</b>	<b>7,046,939,928</b>	<b>4,370,384,142</b>
<b>NOTE- 21 - OTHER INCOME</b>		
(a) Interest Income	10,932,554	14,610,626
(b) Export Incentive / Receipts	16,453,471	19,022,315
(c) Miscellaneous Income / Receipts	2,589,422	8,646,708
(d) Sundry Creditors no longer payable written back	26,240	459,923
<b>TOTAL AS PER STATEMENT OF P &amp; L</b>	<b>30,001,687</b>	<b>42,739,572</b>
<b>NOTE - 22 - COST OF MATERIALS CONSUMED</b>		
(a) Raw Materials	5,485,918,452	2,833,413,566
(b) Packing Material	12,201,690	10,720,404
<b>TOTAL AS PER STATEMENT OF P&amp;L</b>	<b>5,498,120,142</b>	<b>2,844,133,970</b>



**NOTE - 23 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS**

(a) Inventories at the end of the year:

1. Work in Process

 Paper & Paper Bag  
 PP & FIBC Bag

 241,276,955  
 298,555,242

 233,961,943  
 177,330,320

2. Finished Goods

 Paper & Paper Bag  
 PP & FIBC Bag

 50,131,713  
 5,406,896

 7,763,383  
 6,828,382

**595,370,806**
**425,884,028**

(b) Inventories at the beginning of the year:

1. Work in Process

 Paper & Paper Bag  
 PP & FIBC Bag

 233,961,943  
 177,330,320

 164,745,079  
 196,052,583

2. Finished Goods

 Paper & Paper Bag  
 PP & FIBC Bag

 7,763,383  
 6,828,382

 155,625,651  
 -

**425,884,028**
**516,423,313**
**(INCREASE) / DECREASE IN STOCK**
**(169,486,778)**
**90,539,285**
**NOTE - 24 - EMPLOYEE BENEFITS EXPENSE**
**a. Employees other than Directors**

(a) Salaries , Wages &amp; Bonus

168,750,590

193,126,660

(b) Contribution to Provident Fund &amp; other Funds

14,426,582

11,009,079

(c) Contribution to Gratuity

4,510,381

3,961,657

(d) Staff Welfare Expenses

18,680,841

22,426,717

(e) Security Charges

9,519,178

9,464,921

**b. Managerial Remuneration to Directors**

(a) Managing Director

4,687,500

8,596,154

(b) Joint Managing Director

4,687,500

8,596,154

(c ) Whole Time Director

65,757

-

**TOTAL AS PER STATEMENT OF P & L**
**225,328,329**
**257,181,342**
**NOTE - 25 - FINANCE COST**
**(a) Interest expenses**

i. Bank on

a. Term Loans

123,679,838

76,591,431

b. Working Capital Loan

166,669,767

133,593,580

c. HP loan

4,271,220

2,358,676

ii. Interest on Other Loans

29,501,538

30,440,150

(b) Other borrowing costs

43,652,064

8,363,097

(c) Bank charges

13,872,124

14,963,576

**TOTAL AS PER STATEMENT OF P & L**
**381,646,551**
**266,310,510**

	For the year ended 31.03.2013 ₹	For the year ended 31.03.2012 ₹
<b>NOTE - 26 - OTHER EXPENSES</b>		
<b>A. Manufacturing Expenses</b>		
Stores & Spares Consumed	59,148,996	46,843,118
Repairs & Maintenance		
Plant & Machinery	30,485,752	4,897,663
Building	3,943,988	2,362,026
Power & Fuel	330,177,370	286,505,679
<b>Total ( a )</b>	<b>423,756,106</b>	<b>340,608,486</b>
<b>B. Administrative Expenses</b>		
Subscription	658,308	1,083,790
Rent	2,441,300	2,582,755
Rates & Taxes	11,891,546	8,632,207
Insurance	4,607,511	4,482,717
Payment to Auditor:		
Audit Fees - Statutory	781,465	500,000
Tax Audit	25,000	25,000
Cost Audit	52,700	50,000
Reimbursement of Expenses	40,500	49,000
Professional charges	7,042,595	6,325,415
Telephone, Postage and Courier Charges	2,685,523	2,442,345
Travelling and Conveyance Charges	21,615,887	15,181,372
Printing & Stationery	2,443,813	2,345,655
General Expenses	6,708,775	6,097,311
Filing Fees and Listing Fees	831,783	363,000
Repairs & Maintenance		
General	1,881,538	3,136,286
Vehicles	20,512,753	26,970,207
Preliminary Expenses Written Off	1,073,653	2,802,616
Loss on Foreign Currency Fluctuation	2,611,613	80,729,966
Foreign Currency Convertible Bonds Expenses written off	1,164,018	1,164,018
Donation	796,209	2,461,324
Sitting Fees to Other Directors	66,000	68,000
<b>Total ( b )</b>	<b>89,932,490</b>	<b>167,492,984</b>
<b>C. Selling Expenses</b>		
Carriage Outwards	59,540,104	44,191,039
Loading & Unloading Expenses	811,511	586,395
Rebates and Discounts	998,486	1,762,362
Brokerage & Commission	3,467,098	3,597,294
ECGC Premium and Marine Insurance	1,542,336	1,108,406
Sample Supply	1,706,110	1,863,520
Advertisement Expenses	1,142,226	1,086,696
Sales promotion Expense	2,537,344	2,215,012
Research & Development Expenses	796,079	520,626
Bad Debts written off	214,657	3,315,370
<b>Total ( c )</b>	<b>72,755,951</b>	<b>60,246,720</b>
<b>TOTAL AS PER STATEMENT OF P&amp;L (a+b+c)</b>	<b>586,444,547</b>	<b>568,348,190</b>

As per our Report annexed

**For MSS Sriram & Co**

Chartered Accountants

ICAI Firm Registration No.007909S

**P.R.Mahadevan**

Partner

Membership Number:007377

Place : Karur

 Date : 2<sup>nd</sup> September, 2013

**V.VENKATESAN**

Company Secretary

**K.C.P.SHIVRAMAN**

Joint Managing Director

**K.C.PALLANI SHAMY**

Managing Director

**27. DISCLOSURE PURSUANT TO ACCOUNTING POLICIES**

**1. PRINCIPLES OF CONSOLIDATION –**

The consolidated financial statements have been prepared on the following basis:

- a). The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together book values of similar items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated.
- b). Consolidated financial statements are prepared by applying uniform accounting policies to the extent possible, in use at the group.
- c). Indian rupee is the reporting currency for the group. However, the reporting currencies of non-integral overseas subsidiaries are different from the reporting currency of the group. The translation of those currencies into Indian Rupee is performed for assets and liabilities, for revenues and cost/loss, using exchange date as at the Balance Sheet date.
- d). The Consolidated Financial Statements include the financial statements of Karur K.C.P. Packkagings Limited (Parent Company) and its subsidiaries.

Name of Subsidiary Company	Country of Incorporation	Proportion of Voting Power as on 31.03.2013
Shriudha Ventures Pte Ltd.	Singapore	100%

**2. SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Company follows accrual concept of accounting in preparing accounts. The financial statements have been prepared on going concern basis adopting historical cost and conform to the general and normally accepted accounting practices. Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 have been followed to the extent applicable in preparation of Annual Accounts. Appropriate Accounting Policies have been selected and applied consistently. Judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as on the date of the Balance Sheet and the Financial Results of the Company for the year ended on that date.

**B. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/ materialized.

**C. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition including any attributable cost for bringing the assets to its working condition for its intended use less accumulated depreciation.

**D. INVESTMENTS**

Investments, being long-term are stated at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in nature.

**E. INVENTORIES**

Raw material, Work in Progress, Finished Goods, Waste, Stores are Valued at cost or realizable value whichever is lower. Company is adopting FIFO method in respect of all inputs. Excise Duty liability on manufactured finished goods lying in factory premises is included in the valuation.

**F. LIABILITIES**

Liabilities acknowledged as debts are taken into account, while contingent and disputed liabilities, if any, are not provided for and are disclosed by way of a note.

**G. PROPOSED DIVIDEND**

Dividend proposed by Directors, if any, is provided for in the books of accounts pending approval at the Annual General Meeting.

**H. REVENUE RECOGNITION**

Revenue from Sales is recognized once the title is passed on to the buyer. Sales include excise duty, cess, and other levies. Expenses incurred on account of raising of Foreign Currency Convertible Bonds Loan (FCCB) and Global Depository Receipts (GDR) are treated as deferred revenue expenditure and amortized over a period of five years. In respect of other income and expenses it is recognized based on the contractual rights and obligations. Dividend and yields due, if any, are recognized when the right to receive the payment is established unconditionally and no significant uncertainty exists as to its measurability or correctness.

**I. DEPRECIATION ACCOUNTING**

Depreciation is provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act.

Depreciation on additions/deletions in respect of fixed assets are charged up to the date on which the assets is available for use / disposal.

**J. FOREIGN EXCHANGE TRANSACTIONS**

Foreign Exchange Transactions are accounted at the exchange rates prevailing on the date of transactions. The amount due to or from others as at the Balance Sheet date are updated at the then prevailing exchange rates and the variation is considered as income or expenditure as the case may be. The Premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expenses for the year.

**K. RESEARCH AND DEVELOPMENT**

Capital Expenditure on Research and Development, if any, are capitalized and depreciated. The revenue expenditure on Research and Development, if any, is written off in the year in which it is incurred.

**L. BORROWING COSTS**

In respect of those asset that takes necessarily a substantial period to get ready for its intended use, borrowing costs directly attributable are capitalized as part of the cost of the asset. In respect of funds generally borrowed and used for acquiring such assets, the borrowing costs are capitalized at capitalization rate which is determined based on the borrowing rate.

**M. EARNING PER SHARE**

Basic / Diluted Earning per share has been computed with reference to the Weighted Average Number of Shares.

**N. EMPLOYEES BENEFITS**

- a. Short Term Benefits:-  
Short term employees benefits are charged at the undiscounted amount to profit and loss account in the year in which the related service is rendered.
- b. Defined Contribution Plan:-  
Payments to defined contribution schemes are remitted to the regulatory authorities and charged as expenses as and when incurred.
- c. Defined Benefit Plan:-  
The Company has Defined Benefit Plan for post employment benefits in the form of Gratuity for all employees administered through trust funded with Life insurance Corporation of India, Thanjavur.

**O. CASH FLOW STATEMENT**

Cash Flow Statement has been prepared under Indirect Method. Cash and Cash Equivalents comprise Cash in Hand, and Accounts held with Banks.

**P. NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES**

Significant items or Extra-ordinary Items and Prior period Incomes and Expenditures, if any are accounted in accordance with Accounting Standard 5.

**Q. SEGMENT REPORTING**

The Company has identified three business segments viz., Paper, Pager Bags and PP & FIBC Bags. Revenue and expenses have been identified to respective segments on the basis of operating activities of the Enterprises. Revenue and expenses

which relate to the enterprises as a whole and are not allocable to a segment on a reasonable basis has been disclosed as unallocable revenue and expenses.

**R. ACCOUNTING FOR TAXES ON INCOME**

- a. Tax expense includes current taxes and deferred taxes.
- b. Current tax is provided on the taxable income of the tax accounting year at the applicable rate of that year.
- c. Deferred taxes reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. The Tax effects of significant temporary differences are reflected through Deferred Tax Liabilities which has been reflected in the Balance Sheet and the corresponding effects of the same is given in the Profit and Loss Account.
- d. The Net effect of taxation due to:
  - i. Income or expenditure accounted in a year and considered for taxation either in full or in part in a different year and
  - ii. Unadjusted carry forward losses/depreciation for an year computed in accordance with the provisions of the Income Tax Act 1961 is accounted subject to prudence and reasonable certainty in the said year and displayed in the financial statements accordingly.
- e. Minimum Alternative Tax (MAT), if any, credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit & Loss Account and shown as MAT Credit entitlement.

**S. IMPAIRMENT OF ASSETS**

The Company makes an assessment on the balance sheet date to determine whether there is any indication of impairment in the carrying amount of its fixed assets and on any such indication, the recoverable amounts are estimated and an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

**T. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Pursuant to Accounting Standard 29 Provisions Contingent Liabilities and Contingent Assets, the Company recognizes provisions only when it has a present obligations a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation as and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to its present value and are determined based on judgement and best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates. A disclosure of contingent liability is made where it is more likely than not, that a present obligation or possible obligation would not result in or involve an out flow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

**28. DISCLOSURE PURSUANT TO ACCOUNTING STANDARDS**

**A. Disclosures regarding Employees Benefits**

Defined Contribution Plan : The Company contributed towards Provident Fund.

Defined Benefit Plan : Gratuity

The Company has contributed a gratuity fund for the benefit of its employees. The Company's Gratuity scheme is administered by Life Insurance Corporation of India under Group Gratuity Scheme to which the Company contributes premium as determined by Life Insurance Corporation of India as per Actuarial Valuation. The contribution so made during the year. Other requirements as per AS 15 have not been considered as the entire fund is managed by the Life Insurance Corporation of India.

**B. Disclosures regarding Borrowing Costs**

Pursuant to Accounting Standard-16, the Company has capitalized the borrowing costs of in respect of qualifying assets. 427409

	31.03.2013 ₹ in lakhs	31.03.2012 ₹ in lakhs
Defined Contribution Plan : The Company contributed towards Provident Fund.	144	110
Defined Benefit Plan : Gratuity The Company has contributed a gratuity fund for the benefit of its employees. The Company's Gratuity scheme is administered by Life Insurance Corporation of India under Group Gratuity Scheme to which the Company contributes premium as determined by Life Insurance Corporation of India as per Actuarial Valuation. The contribution so made during the year. Other requirements as per AS 15 have not been considered as the entire fund is managed by the Life Insurance Corporation of India.	45	40
<b>B. Disclosures regarding Borrowing Costs</b> Pursuant to Accounting Standard-16, the Company has capitalized the borrowing costs of in respect of qualifying assets. 427409	427	409

**C. Disclosures regarding Segment Reporting**

The Company business segment analysis are as under:-

Information about primary segment-Business segment	Name of Segment									
	Paper Division		Paper Bags Division		PP & FIBC Division		Trading		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue:										
Sales-Domestic	19556	15941	15198	14888	3516	4634	23317	-	61587	35463
Sales-Export	-	-	-	-	8882	8240	-	-	8882	8240
Other Income	81	201	13	8	206	218	-	-	300	427
Segment Result-Operating profit	3716	1660	601	894	1807	1521	98	-	6222	4075
Financial Charges	2260	1404	339	185	1184	1074	34	-	3817	2663
Profit before Depreciation, Preliminary/FCCB expenses W/O	1456	256	262	709	623	447	64	-	2405	1412
Segment Depreciation, Preliminary/FCCB expenses W/O	934	498	230	226	361	400	-	-	1525	1124
Profit before exceptional items Revenue/(Loss)	522	(242)	32	483	262	47	64	-	880	288
Exceptional Items	48	853	-	-	(53)	(5)	-	-	(5)	848
Net profit/(Loss) before Tax	570	611	32	483	209	42	64	-	875	1136

**D. Disclosures relating to Related Party**

- i) List of the Key Managerial Personnel with whom transactions have been taken place and relationships

Shri K.C.Pallani Shamy	Key Managerial Personnel
Shri K.C.P. Shivraman	
Smt.SR.Sudhaa	

- ii) Transactions during the year with related parties

Nature of Transactions	Key Managerial personnel	
	31.03.2013 ₹ In Lakhs	31.03.2012 ₹ In Lakhs
Expenditure		
Rent	4.80	6.49
Hire Charges	1.20	2.20
Remuneration to Directors	90.00	120.00
Gratuity to Directors	3.75	51.92
Sitting Fees to Director	0.10	0.10
Remuneration to Key managerial personnel	18.00	18.00

**E. Disclosures regarding Earning Per share**

Earnings per share has been computed as under

		31.03.2013	31.03.2012
Profit After Tax ( ₹ In Lakhs)	(a)	516	861
Weighted average number of equity shares outstanding	(b)	11250000	11250000
Effect of potential equity shares on conversion of FCCB loan outstanding	(c)	1359733	1271750
Weighted average number of equity shares in computing diluted earning per share (b+c)	d)	12609733	12521750
Earnings per share on profit after tax (Face value of ₹ 10/- each)			
-Basic	(₹) (a/b)	4.59	7.65
-Diluted	(₹) (a/d)	4.09	6.87

**F. Disclosures regarding Accounting for Taxes on Income**

Deferred Tax liability on account of depreciation (₹ in Lakhs)  
 Opening Balance  
 Add: Created during the year  
 Closing Balance

2377	2301
267	76
2644	2377

**G.** For all other common notes forming part of consolidated financial statements please refer the notes of the Holding Company Karur K.C.P. Packkagings Limited

**29. OTHER DISCLOSURES**

- A. The accounts have been consolidated for the first time which is inclusive of the figures of the subsidiary company for this financial year. Hence the figures for the previous year are not comparable as the subsidiary company has been incorporated during 2012-13 only.
- B. In the consolidated statements while adopting line by line approach the following items have been eliminated a) capital invested by the holding company, shares allotted by the subsidiary company b) advance received by the holding company from its subsidiary, net of advance made by the holding company.
- C. The balances due from receivables, advances made, and payables are subject to confirmation from the party concerned. In the absence of the confirmation, the figures are as stated as per the ledger and will be reconciled in case of any discrepancy.
- D. In the opinion of the board of directors, assets other than fixed assets and non current investments have the value of revaluation in the ordinary course of business, at least equal to amount at which they are stated.
- E. Figures of the previous year have been reworked, regrouped and reclassified wherever necessary to conform to current year's presentation.

As per our Report annexed  
**For MSS Sriram & Co**  
 Chartered Accountants  
 ICAI Firm Registration No.007909S

**P.R.Mahadevan**  
 Partner  
 Membership Number:007377

**V.VENKATESAN**  
 Company Secretary

**K.C.P.SHIVRAMAN**  
 Joint Managing Director

**K.C.PALLANI SHAMY**  
 Managing Director

Place : Karur  
 Date : 2<sup>nd</sup> September, 2013





**KARUR K. C .P. PACKKAGINGS LIMITED**

Registered Office: No. 1, First Floor, Bhagath Singh Street, (Behind Standard Ice Factory),  
Bharathipuram, Puducherry – 605 011.

**TWENTY THIRD ANNUAL GENERAL MEETING ON 30th SEPTEMBER, 2013**

**ATTENDANCE SLIP**

(Please fill this Attendance Slip and hand it over at the entrance of the meeting Hall)

- 1. Registered folio Number \* Client ID No.
- 2. Name of the Shareholder \* D.P.I.D.No.
- 3. Registered Address of the Shareholder
- 4. Whether the Shareholder is attending the meeting in person or by proxy or through the duly authorized representative

I hereby record my presence at the TWENTY THIRD Annual General Meeting being held on Monday, 30th September, 2013 at 9.30 A.M at No:1, First Floor, Bhagath Singh Street, (Behind Standard Ice Factory), Bharathipuram, Puducherry – 605 011.

\*Applicable only in case of investors holding shares in Electronic Form.

\*\*Signature of the shareholder / Proxy / Authorised Representative

\*\* Please indicate whether member/proxy.

**KARUR K.C.P. PACKKAGINGS LIMITED**

Registered Office: No. 1, First Floor, Bhagath Singh Street, (Behind Standard Ice Factory),  
Bharathipuram, Puducherry – 605 011.

**FORM B  
FORM OF PROXY**

I/We, residents of \_\_\_\_\_ in the district of \_\_\_\_\_ in the state of \_\_\_\_\_ being a shareholder/shareholders of the Karur K.C.P. Packkagings Limited, hereby appoint Sri./Smt. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on Monday, 30th September, 2013 and at any adjournment thereof.

Signed this \_\_\_\_\_ date of \_\_\_\_\_ 2013.

Share Folio No.

No.of shares held.

\*Client I.D.No

\*D.P.I.D.No.

Affix  
Re.1  
Revenue  
Stamp

**\*Applicable only in case of investors holding shares in electronic form.**

Pl. note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time of meeting.



S.K.D.C. Consultants Limited  
 Unit : Karur K.C.P.Packkagings Limited  
 Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road,  
 Ganapathy, Coimbatore – 641 006. Ph: 0422-6549995

**MANDATE FORM**  
**Electronic Clearing Services (Credit Clearing)**

1.	Particulars of the Share holder		
	a. Regd. Folio No.	:	.....(Telephone/Cell No.) ..... (if available)
	b. Name of the First Regd. Holder (in block letters)	:	.....
2.	Particulars of the Bank		
	a. Name of your Bank	:	.....
	b. Name /Address of the Branch	:	..... ..... ..... ..... Pincode .....
	c. Account No.	:	.....
	(As appearing in your cheque Book)		
	d. Account Type	:	Please Tick relevant book Savings      Current      Credit
	e. 9 Digit code number of the bank and branch appearing on the MICR cheques issued by the Bank (Please attach a photocopy of a cheque for verifying the accuracy of the Code Number)	:	.....

**DECLARATION**

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the First Regd. Holder)

Name : .....

Address : .....

.....

.....Pincode .....

Place :

Date :

Note : 1. Please send the form to the address mentioned above.

2. In case the scheme does not meet the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of Warrants.

For Office Use

ECS No.

--

