

**59<sup>th</sup>**

*THE SOUTH INDIA PAPER MILLS LIMITED*

**ANNUAL REPORT  
2017-18**



***SIPM***

### **BOARD OF DIRECTORS**

Mr. Manish M. Patel, B.E., M.B.A., Chairman & Managing Director

Mr. Dineshchandra C. Patel, B.A.-LL.B.

Mr. Jagdish M. Patel, B.M.E.

Mr. S.R. Chandrasekara Setty, B.Com., FCA, ACS

Mr. M.G. Mohan Kumar, B.Sc., LL.B., FCA, Licentiate (CSI)

Mr. Ajay D. Patel, B.E., M.B.A.

Mr. N. S. Kishore Kumar, B.Sc., MBA, CAIIB

Mr. Itendra A. Patel, Diploma in Paper Technology (Student)

Mrs. Girija Shankar, BA, LLB

### **COMPANY SECRETARY**

Mrs. Vidya Bhat

### **AUDITORS**

Murthy Swamy & Associates LLP

Chartered Accountants

Mysuru

### **INTERNAL AUDITOR**

M/s Rau & Nathan

Mysuru

### **BANKERS**

Vijaya Bank, Nanjangud

IDBI Bank Ltd., Bangalore

### **REGISTRARS & SHARE TRANSFER AGENTS**

M/s Karvy Computershare Pvt. Ltd.,

Karvy Selenium Tower II, Plot No 31 & 32, Gachibowli Financial District

Nanakramguda, Serilingampally

Hyderabad - 500032, Telangana

Ph: (040) 6716 2222

### **REGISTERED OFFICE & MILL**

Chikkayanasahra, Nanjangud - 571 302 Karnataka

Phone: (08221) 228265, 228267, 228266 Fax: (08221) 228270

Website: [www.sipaper.com](http://www.sipaper.com)

E-Mails: [corporate@sipaper.com](mailto:corporate@sipaper.com), [marketing@sipaper.com](mailto:marketing@sipaper.com)

Corporate Identity Number: (CTN)-LR5110KA1959PLC001352

### **CORPORATE & MARKETING OFFICE**

#1205/1206, Prestige Meridian II, M.G. Road, Bengaluru - 560 001

Phone: (080) 41123605-06 Fax: (080) 41512508

Annual General Meeting at the Registered Office of the Company on Thursday, the 20th September, 2018 at 1.30 PM

**DIRECTORS' REPORT**

To

The Members

Your Directors hereby present the 59<sup>th</sup> Annual Report of the Company along with the audited accounts for the year ended 31<sup>st</sup> March, 2018.

The Company has adopted Indian Accounting Standards (Ind AS), from the financial year 2017-18 as mandated by the Ministry of Corporate Affairs (MCA), in place of Indian GAAP, followed hitherto and the financial statements for FY 2016-17 have been recast for comparison. Accordingly, the transition was carried out, from the Indian GAAP as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (previous GAAP) to Ind AS 101 "First time adoption of Indian Accounting Standards".

The impact of transition has been recorded in opening reserves as at April 1, 2016 and the periods presented have been restated / reclassified. The reconciliation and descriptions of the effect of the transition from Indian GAAP to Ind AS have been provided in the notes to accounts in the standalone financial statements.

<b>WORKING RESULTS</b>	<b>2017-18</b>	<b>2016-17</b>
Finished Production of Paper & Paperboards	32,687 MTs	52,752 MTs
Conversion Quantity at the Box Plant (PPD)	15,522 MTs	26,196 MTs
	( Rs. In Lacs )	( Rs. In Lacs )
Gross Sales	13,448.91	20,673.18
Net Sales excl Excise Duty	13,448.30	19,512.41
<b>FINANCIAL RESULTS:</b>		
Profit before interest, depreciation & tax	<b>1,437.11</b>	<b>3,159.18</b>
Less : Finance costs	477.70	388.43
Gross (Cash) Profit	<b>959.41</b>	<b>2,770.75</b>
Less : Depreciation	878.81	951.17
Profit before Tax	<b>80.60</b>	<b>1,819.58</b>
Less : Provision for Current tax	16.00	410.00
Less : Deferred tax incl MAT credit entitlement	(30.68)	220.10
Profit after tax for the year	<b>95.28</b>	<b>1,189.48</b>
Add : Excess Tax Provision reversed	---	5.99
Net Profit after Tax	<b>95.28</b>	<b>1,195.47</b>

**OPERATIONS**

Gross sales for the financial year 2017-18 stood at ₹ 134.49 crores as against ₹ 206.73 crores in the previous year. Sales and operating volumes were lower, owing to labour strike at the Paper Mills upto 26<sup>th</sup> July 2017 and at Printing & Packaging Division upto mid August 2017. Operation at the Paper Mill was lower by about 38% during the year.

# 59<sup>th</sup> Annual Report 2017-2018

Printing & Packaging Division too operated with lower volumes & the Conversion tonnage was down by 41%.

Profit before interest, depreciation, tax (PBDIT) reduced to ₹ 1,437 lacs from ₹ 3,159 lacs, owing to above factors. Finance costs increased from ₹ 388 lacs to ₹ 478 lakhs in line with higher term funds utilization. After making a depreciation provision of ₹ 879 lacs (Previous year ₹ 951 lacs), profit before tax was ₹ 81 lacs (Previous year ₹ 1,819 lacs). After making a provision for tax of ₹ 16 lacs & considering deferred tax & MAT credit of 31 lacs (net tax of ₹ 624 lacs in the previous year), net profit stood at ₹ 95 lacs. (PY 1,195 lacs)

## FINANCES

During the year, cash flow & liquidity remained comfortable.

Sources of funds	₹ in lacs	Deployment of funds	₹ in lacs
Cash flow from operating activities	1,243	Repayment of Term Loans	199
Interest receipts	43	Deferred Payt Credit-Installments paid	296
Sale of used Machinery, Vehicle	242	Finance Cost	479
Term Loan drawn from Banks	1,150	Income tax Paid	5
		Dividend & Dividend Tax	276
		Capital Expenditure & Advances	268
		Decrease in short term Bank Borrowings	200
		Increase in working capital	955
<b>Total</b>	<b>2,678</b>	<b>Total</b>	<b>2,678</b>

	31.03.18	31.03.17
Long Term Debt to Equity Ratio	0.27	0.22
Current Ratio	1.99	1.85

Instalments of Term Loans and Interest on Term Loans and Working capital borrowings were paid within due dates.

## DEPOSITS

The Company has neither accepted nor renewed any deposits within the meaning of Section 73 of the Companies Act, 2013 and Rules framed thereunder, during the financial year.

## CREDIT RATING

ICRA has reaffirmed our long term rating of [ICRA]A- with a stable outlook and a short term rating of [ICRA]A2+ to the Company's line of credit.

## CURRENT PROSPECTS

The Company has operated for 2 quarters, after resumption of operations, subsequent to labour strike in the year under review. Business affected by labour strike in the first half of the year, is restored in the second half.

The market conditions for paper appears to be better, with improved opportunity for exports. Market for corrugated boxes continue to be extremely competitive, with supplies from new capacities and rising input prices.

An increase in paper making capacity through brown-field investment being planned is seen as the way forward.

Overall Turnover and operating profit is expected to be normal in the current year as against lower profits last year.

### **CAPITAL EXPENDITURE PLANS**

Plans for conserving water resources & ETP facility & a new 66KV transmission line for Power evacuation are nearing completion & will be completed by second quarter. The Company's plan for capacity expansion to double the production capacity of paper mill at an estimated cost of about ₹ 125 crores is under consideration. This will be financed through debt & internal accruals, to obtain optimum returns.

### **CORPORATE GOVERNANCE**

As per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 separate Report on Corporate Governance, along with Auditors Certificate confirming the compliance is attached.

#### **Directors' Responsibility Statement :**

As required by Section 134(5) of the Companies Act 2013, we state that :

- (i) While preparing the Annual Accounts, the Company has followed the applicable Accounting Standards;
- (ii) The Directors have selected such accounting policies and applied them consistently and has made judgements and estimates that are reasonable and prudent, so as to give true and fair view of the state of affairs of the Company as at 31-3-2018 & of the profit of the Company for the financial year 2017-18.
- (iii) The Directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.
- (v) The Directors have laid down internal financial controls to be followed by the Company and the controls are adequate and operating effectively.
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all the applicable laws and these systems are adequate and operating effectively.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year, the Company did not give any Loan / Guarantee or has provided any security or make investment covered under Section 186 of the Companies Act, 2013

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY**

None of the transactions with any of the related parties was in conflict with the interests of the Company. Details of transactions with related parties are furnished as an annexure in Form AOC-2.

### **CHANGES IN NATURE OF BUSINESS OF THE COMPANY**

There was no change in the nature of business of the Company during the year.

### **MATERIAL CHANGES & COMMITMENTS**

There was no material changes and commitments in the business operations of the Company since the close of the financial year on 31<sup>st</sup> March 2018 to the date of this report.

### **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

In terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a Policy to prevent Sexual Harassment of Women at Workplace. During the

# 59<sup>th</sup> Annual Report 2017-2018

year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS**

As per Rule 8(5)(vii) of The Companies (Accounts) Rules, 2014, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations.

## **INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

## **ISO 9001 CERTIFICATION**

Company's Quality Management Systems (QMS) have been audited by Bureau Veritas Certification India Pvt Ltd and ISO 9001: 2008 Certification was awarded to the Printing & Packaging Division of the Company. This Certification issued was valid for 3 years up to 17-5-2018. Recertification and upgradation to ISO 9001: 2015 is awarded and is valid upto 17-5-2021.

## **FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION**

The Company received FSC certificate under standards of FSC-STD-40 003 V2-1, FSC-STD-40 004 V2-1 and FSC-STD-40 007 V 2-0 for its product group. This is an assurance of environmental protection by providing sufficient documentary controls and traceability throughout the Chain of Custody. This certification means Company is capable of manufacturing FSC Recycled and FSC Mixed products.

## **RESEARCH & DEVELOPMENT**

Several special application grades have been developed & successfully introduced during the year to cater to stringent customer specific requirements.

## **ENERGY CONSERVATION MEASURES**

The particulars required under Section 134 (3) (m) of the Companies Act, 2013 with regard to energy conservation measures are furnished in the Annexure.

## **ENVIRONMENTAL PROTECTION**

Your company has always endeavoured to remain in harmony with its eco-sphere and tried to equitably balance the interest of all stakeholders in it, often going beyond the statutory impositions placed by regulatory authorities. In such efforts are included the installation of a 0.5 acre hold tank and a 2 km delivery pipeline for irrigating otherwise dry lands. The treated effluent water is utilized for irrigation purposes in the nearby fields of third party farmers with excellent crop yields.

The Company has installed & been operating the Electro Static Precipitator (ESP) Systems for its Boilers for controlling dust emission and dust extractor system for controlling dust at its fuel handling system. Centrifuge and other machineries have been installed for effluent treatment. Fuel shed with roofing, controls dust emissions and conserves the resources.

In order to ensure environmentally safe disposal of solid wastes, the Company has started disposing ash and plastic waste to recyclers authorized by KSPCB. Ash is used in brick manufacturing and plastic is being used in cement kilns.

The Company has engaged the expert services of University of Agricultural Sciences, Gandhi Krishi Vigyana Kendra, Bangalore for a study of 'Utilisation of Paper Mill Effluent for Agricultural Purpose'. After 4 years study, a final report has been issued concluding that the effluent generated by the paper mill contains small amount of nutrients, higher amount of salts and are within limits of Central Pollution Control Board norms. The finding further says that mill effluent along with additional dose of nitrogen has significant effect in increasing the crop yields.

## **DIVIDENDS**

Your Directors recommend a Dividend of 10% i.e. Re 1.00 per equity share of ₹ 10 each (last year 15% i.e. ₹ 1.50 per share). The total distribution including dividend tax amounts to ₹ 180.83 lacs (₹ 270.81 lacs).

Pursuant to the Indian Accounting Standards issued by Ministry of Corporate Affairs Notification, proposed dividend on Equity Shares and Corporate Tax in Dividend being a non adjusting event at the Balance Sheet date, are not recognised as liabilities in the accounts for the year ended March 31, 2018. The same will be recognised in the year of payment, viz., year ending March 31, 2019.

## **PARTICULARS OF EMPLOYEES**

Particulars of employees as prescribed under the Companies Act, 2013 are annexed.

### **Extract of Annual Return**

The Extract of Annual Return in Form MGT 9 is attached and forms a part of this Annual Report.

### **Managerial Remuneration**

Requisite details as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is annexed herewith and forms a part of this Annual report.

### **Meetings of the Board**

The number of meetings of the Board held and details thereof are mentioned in the Report on Corporate Governance forming a part of this Annual Report.

### **Whistle Blower Policy / Vigil Mechanism**

In deference to Section 177 (9) of the Act, read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Listing Regulations the Company has established a vigil mechanism overseen by the Audit Committee. The Company has formed Whistle Blower policy as required under the Companies Act 2013 and Listing Regulations and no personnel has been denied access to the Audit Committee.

### **Risk Management**

The Company has a risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimise adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

# 59<sup>th</sup> Annual Report 2017-2018

The Board of Directors have constituted a Risk Management Committee as required under Cl 49 of the Listing Agreement vide Board Meeting held on 27.01.2015, to frame, implement and monitor the risk management plan of the Company. The Committee comprises of the following Directors.

Mr Manish M Patel - Chairman

Mr M G Mohan Kumar - Member

Mr S R Chandrasekara Setty - Member

The terms of reference of risk management committee include review of Risk management policy and its development within the Company, to monitor the effectiveness of risk management policy, review major risks of the Company and to advice on mitigation to the Board.

## **LABOUR RELATIONS**

The industrial relations climate in the Company during the year was affected by labour strike during first 4 months at the paper mill and 4.5 months at the box unit. Strike ended with signing of a 6 year agreement in place of 4 years at the paper mill, which will be in force upto 31-3-2022. At the box unit, the agreement is covering 4 years upto 31-3-2020. Post resumption from strike, industrial relations remained generally cordial and harmonious.

## **DIRECTORS**

In terms of Section 152 of the Companies Act, 2013 Mr Dineshchandra C Patel (DIN 00167581) retires by rotation and he, being eligible, offers himself for reappointment. Your Directors recommend his reappointment.

## **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declaration from all the Independent Directors under Section 149(7) of the Companies Act 2013, in respect of meeting the criteria of independence as provided under Section 149(6) of the Act.

## **BOARD EVALUATION**

The Board of Directors have carried out an annual evaluation of its performance, Board Committees and Individual Directors pursuant to the provisions of the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has recorded overall satisfaction.

In a separate meeting of Independent Directors held on 22-03-2018, the performance of Non Independent Directors, Board as a whole and the performance of the Chairman was evaluated. They have expressed overall satisfaction on such evaluation

## **POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

The Company's Policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) is annexed hereto and forms part of this Annual Report.

Criteria for performance evaluation of Independent Directors' as required by the Listing Regulations also forms part of this report.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Board has constituted a Corporate Social Responsibility Committee as mandated by Section 135 of the Companies Act 2013 vide Board Meeting held on 27.01.2015.



The broad terms of reference of the CSR Committee are as under:

- Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company.
- Recommending the amount of expenditure to be incurred on the aforesaid activities and;
- Reviewing and Monitoring the CSR Policy of the company from time to time.

Company has planned for CSR projects for the benefit of villagers in the villages around the factory. As the required land for the project was not made available to the Company, by the Gram Panchayath so far, planned CSR project could not be done. Amount will be spent once the Gram Panchayath clears the site for the Project.

A report on CSR Activities is annexed herewith and forms a part of the Directors' Report.

#### **APPOINTMENT OF KEY MANAGERIAL PERSONNEL**

There are no changes in Key Managerial Positions during the year.

#### **AUDITORS**

There are no adverse comments by the auditors in their report annexed herewith.

The Company's Auditors, Murthy Swamy & Associates, Chartered Accountants, Mysore, appointed at the 58th Annual General Meeting held on 26-9-2017, for a period of 5 years, subject to ratification at each of the subsequent Annual General Meetings (AGM). As per Companies (Amendment) Act 2017 notified with effect from 7-5-2018, ratification by members at each of the subsequent AGM is dispensed with.

#### **SECRETARIAL AUDIT**

Pursuant to Section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr S N Hitaish Kumar, Practicing Company Secretary (C P No. 6553), to conduct the Secretarial Audit of the Company for Financial Year 2017-18. The Secretarial Audit Report in Form MR 3 is annexed.

#### **INTERNAL AUDITOR**

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed M/s Rau and Nathan Chartered Accountants (Firm Regn. No.003178S), Mysore, to conduct Internal Audit of the functions and activities of the Company for Financial Year 2017-18.

#### **COST AUDIT**

Company's products are not notified for Cost Audit in FY 2017-18.

#### **APPRECIATION**

Your Directors take this opportunity to place on record their appreciation for services rendered by the employees, sales agents, Banks & Financial Institutions.

for and on behalf of the Board of Directors

Bengaluru  
24<sup>th</sup> May, 2018

**Manish M. Patel**  
Chairman & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### **i) Industry Structure & Developments :**

The Indian Paper Industry has been historically segmented on a three dimensional matrix identified by size, grades manufactured and raw materials utilised. Government policies on indirect taxation rates applicable to output have relied on this segmentation. Generally, tariff rates have protected smaller units utilising “unconventional” raw material. Over the years, the growth of various segments, investment levels in specific segments, technological changes, industry fragmentation and intensity of competition have been significantly influenced by the Government’s tariff policy.

Over 600 players currently populate the industry and the estimated output across all grades is about 17 million metric tonnes per annum (MTPA). The three broad segments of the market are Writing and Printing Grades (Cultural), Packaging Grades (Industrial) and Newsprint.

The “Industrial” Segment of the paper market broadly comprises of Corrugated Case Materials (CCM) and Duplex Boards -white lined and coated or uncoated. Fragmentation is severe in this segment which constitutes about 50% of the total output of Paper & Board. This segment entirely relies upon “unconventional” raw material such as waste paper (imported and domestically sourced) and, to a limited extent, on agricultural residues. The average size of units in this segment is now about 15,000 MTPA and most units cater to local area demand from small semi-auto corrugated box factories and small printers. Although the other segments in the Indian paper industry are also fragmented by international standards, the degree of fragmentation is less severe.

Historically, the bulk of the output of “Cultural” grades - comprising of writing, printing, office stationery paper and speciality paper has been the preserve of the larger producers, who use forest based raw materials in integrated pulping facilities augmented by imported market pulp. This segment has been consistently taxed at higher rates due to its size and use of “conventional” forest based raw material. Investment in plant for these players has also been higher. With a relatively smaller number of players and high import tariff protection, prices of end products, generally perceived to be of higher quality, have been high. “Lower end cultural grades” manufactured by smaller players using unconventional raw materials in low investment, low-tech plants cater to consumers in the price sensitive sub-segment of this market. This sub segment has historically depended heavily on the tariff differential based on size and raw material for its viability. Some of the mid-sized players in the writing and printing segment are in the process of expansion and modernization and are installing wider/faster machines with full fledged de-inking plants to produce the higher quality that is increasingly preferred and for which consumers are willing to pay more. Several of the “large-integrated” forest based producers have also recently increased forest based pulping capacities. The cultural paper segment contributes about 40% of the annual paper and paperboard production with a current demand growth rate of about 6 to 7% per annum. The high investment levels required and limited “conventional” fiber resources are the major deterrents to growth in this segment for both existing players as well as new entrants.

The Indian Paper industry which accounts for about 4% of global production, in recent times has registered faster growth rates of about 7%. The domestic demand is expected to grow at about 6 to 7% p.a. Paper industry plays an important role in the socio-economic development of the country.

Despite several infrastructural impediments there is a strong growth in demand in several sub-segments of the Indian Paper Industry. There is perceptible shift in preference for higher quality products in both the Industrial and Cultural Segments and players with the right grade-quality mix are seeing opportunities for profitable growth. As per our assessment, most of the dominant players in each industry segment are operating near to capacity and one can expect a round of capacity additions which will however be circumscribed by factors peculiar to individual units such as the ability to raise funds cost effectively, availability of raw material and low cost energy.

### **ii) Opportunities & threats:**

The Indian Government's policy for the paper industry lacks perspective. It is necessary that the Government come up with a clear policy on pulpwood plantations that can benefit the paper industry in terms of introducing more virgin fiber into the fiber basket. In the face of fierce global competition, sustenance of industry with only agro-based raw materials and recycled fiber will be very difficult to achieve. The Government also needs to create a more conducive atmosphere for investment into this sector.

In the medium term, much of the growth in the packaging segment of the Industry is expected to be based on recycling of waste paper. This is already the trend in China. Indian paper companies in the packaging segment are also expected to fuel their near to medium term growth through waste paper imports from regions of surplus such as North America and Europe. Large Chinese producers have set up their own sourcing networks in these regions to supply their huge capacity additions; they possess relative buying strengths and constitute a cost threat to that extent. Over time, however, as domestic capacities stabilize and domestic collection improves, a larger proportion is expected to be sourced domestically with the fiber basket being upgraded by pulp imports. The strength of any firm in this industry is however expected to come from a presence throughout the supply chain from raw material to packaging production and delivery.

Whilst this is a capital-intensive industry, the current structure of depreciation tax shields, finance (interest) costs and relatively short-term repayment horizons places severe limitations on fresh investments.

This phenomenon has effectively increased the project cost on expansion and new green-field investments. At the same time, the continuous reduction of import tariffs keeps margins under pressure.

The absence of large-scale investments and green field projects in a rapidly growing economy with one of the lowest per capita paper consumption rates is testimony to this situation.

### **iii) Segment wise or product wise performance:**

Segment wise revenue, results and capital employed are furnished for i) Paper & Paper products and ii) Power, in the notes on accounts.

# 59<sup>th</sup> Annual Report 2017-2018

## **iv) Outlook:**

Growth rate of the Indian economy was about 6.7% in 2017-18 as against 7.1% in 2016-17. GDP growth was affected by introduction of GST. Growth forecast for 2018-19 varies from 7.3% to 7.5%.

Innovative cost containment and cost cutting will be required by paper mills to not only maintain business volumes but to capture a larger portion of a slowly growing pie.

## **v) Risks and Concerns:**

New, large scale manufacturing capacities are being created in several down-stream industries such as electronic goods, white goods, cell phones and fast moving consumer goods. These industries that have been seeing a year-on-year growth of 8 to 10% are expected to also slow but not as much as the general slowdown in the economy.

The Government has also prioritized policies aimed at promoting rapid up-gradation in supply chain systems for retail distribution and export of fruits and vegetables. The automotive components industry is also growing and demanding wooden packaging substitutes. The footwear and garments exports segments are growing but at a more moderate pace as export markets slow.

All these and other trends indicate that there will be a better than average growth in the demand for high-quality, world-class packaging material produced in state-of-the art facilities and delivered just-in-time.

Whilst one would ordinarily expect these trends to encourage strong players in the paper converting industries to either expand or paper producers to forward integrate and seize the opportunities for growth, this has not actually happened due to the uncertainty from the flip flop tariff policy decisions.

Historically, the policy of “reservation” of this industry for the small scale sector has resulted in extreme fragmentation with low productivity, small capacities and poor quality of output. The indirect tax structure and the industry structure of consuming industries highlighted earlier allows these capacities to continue to exist albeit marginally and this production base continues to supply the existing demand, its survival being circumscribed by the tax/tariff structure applicable to users of packaging material.

During February 2008, corrugated box manufacturing was taken off the list of products reserved for the small scale industries. This change should see consolidation of production in the corrugated box industry as well as a significant shift in the overall quality of boxes. These changes would elevate the quality requirements for corrugating case paper – both liners and fluting, placing significant pressure on paper manufacturers in terms of fresh investments in paper making processes to meet the emerging quality requirements. New, better capitalized and organized players are expected to enter the market. However, the current tariff structure in the entire value chain from raw material for the paper industry to the final consumer product as well as the vertical value chain split described earlier will shape the speed of evolution and growth of this segment.

## **vi) Internal Control Systems:**

Your company has an adequate internal control system in place. The internal control system is proactive. The company has an audit committee which oversees the adequacies of the internal control systems and reports to the Board.

**vii) Discussion on financial performance with respect to operational performance:**

Gross sales for the financial year 2017-18 stood at ₹ 134.49 crores as against ₹ 206.73 crores in the previous year. Sales and operating volumes were lower, owing to labour strike at the Paper Mills upto 26<sup>th</sup> July 2017 and at Printing & Packaging Division upto mid August 2017. Operation at the Paper Mill was lower by about 38% during the year.

Printing & Packaging Division too operated with lower volumes & the Conversion tonnage was down by 41%.

Profit before interest, depreciation, tax (PBDIT) reduced to ₹ 1,437 lacs from ₹ 3,159 lacs, owing to above factors. Finance costs increased from ₹ 388 lacs to ₹ 478 lakhs in line with higher term funds utilization. After making a depreciation provision of ₹ 879 lacs (Previous year ₹ 951 lacs), profit before tax was ₹ 81 lacs (Previous year ₹ 1,819 lacs). After making a provision for tax of ₹ 16 lacs & considering deferred tax & MAT credit of 31 lacs (net tax of ₹ 624 lacs in the previous year), net profit stood at ₹ 95 lacs. (PY ₹ 1,195 lacs)

**viii) Material developments in Human Resources/Industrial Relations front:**

The industrial relations climate in the Company during the year was affected by labour strike during first 4 months at the paper mill and 4.5 months at the box unit. Strike ended with signing of a 6 year agreement in place of 4 years at the paper mill, which will be in force upto 31-3-2022. At the box unit, the agreement is covering 4 years upto 31-3-2020. Post resumption from strike, industrial relations remained generally cordial and harmonious

The focus of HR activities is on employee involvement in operations of the company for effective results.

Efforts are being directed at building a strong management team oriented to entrepreneurial thinking and innovation in problem solving.

As on 31<sup>st</sup> March 2018, the Company had on its rolls, 364 employees consisting of 236 workmen and 128 technical/supervisory/ Administrative staff in different locations.

**ANNEXURE TO THE DIRECTOR'S REPORT  
COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION**

**APPOINTMENT POLICY**

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on industry and strategy of the Company. The appointment policy for Independent Directors, Key Managerial Personnel & Senior Executives will be as under:

**(A) Independent Directors:**

Independent Directors will be appointed based on the criteria mentioned under Section 149(6) of the Companies Act, 2013 and in accordance with other applicable provisions of the Companies Act, 2013, rules made thereunder & Listing Agreement entered with Stock Exchange.

**(B) Key Managerial Personnel (KMP):**

KMP will be appointed by the resolution of the board of directors of the Company, based on the qualification, experience and exposure in the prescribed fields. Removal of the KMP will also be done by the Resolution of the Board of Directors of the Company. Appointment/Removal will be in accordance with provisions of the Companies Act, 2013, rules made thereunder & Listing Agreement entered with Stock Exchange.

**(C) Senior Executives:**

Senior Executives will be appointed by the Chairman & Managing Director of the Company based on their qualification, experience & exposure. Removal of the Senior Executives will also be done by Chairman & Managing Director. Further, appointment & removal will be noted by the Board as required under clause 8(3) of Companies (Meetings of Board and its Powers) Rules, 2014.

**CRITERIA FOR NON EXECUTIVE DIRECTOR'S APPOINTMENT**

The Nomination and Remuneration Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director.

Directors would be chosen from diverse fields of expertise drawn from management, finance and other disciplines. The Nomination and Remuneration Committee will ensure that the candidate is not disqualified in any manner under Section 164 of the Companies Act, 2013.

**REMUNERATION POLICY**

The Company has adopted a Remuneration Policy for the Directors, KMP and other employees, pursuant to the provisions of the Act and Listing Regulations.

The key principles governing the Company's Remuneration Policy are as follows:

**Remuneration for Independent Directors and Non-Independent Non-Executive Directors**

- (i) Independent Directors (ID) and Non-Independent Non-Executive Directors are to be paid sitting fees for attending the meetings of the Board and of Committees of which they may be members, and receive commission within regulatory limits, as recommended by the Nomination and Remuneration Committee and approved by the Board.
- (ii) Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company, taking into consideration the challenges faced by the Company and its future growth imperatives.

- (iii) Remuneration paid should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.
- (iv) The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

The Nomination and Remuneration Committee will recommend to the Board the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee Meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

#### **REMUNERATION FOR MANAGING DIRECTOR (MD) / KEY MANAGERIAL PERSONNEL (KMP)/ REST OF THE EMPLOYEES**

- (i) The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements.
- (ii) Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings. The Company also provides all employees with a social security net subject to limits, by providing Insurance cover and accidental death etc. The Company provides retirement benefits as applicable.
- (iii) In addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD is based on performance as evaluated by the Nomination and Remuneration Committee and approved by the Board.

#### **PERFORMANCE EVALUATION CRITERIA OF INDEPENDENT DIRECTORS**

- (1) Attending Board/Committee Meetings.
- (2) Going through the agenda papers and providing inputs in the meetings of Board/ Committees.
- (3) Guidance to the Company from time to time on the various issues brought to their notice.
- (4) Discharge of duties as per Schedule IV of the Companies Act, 2013 and compliance to other requirements of the said Act or other regulatory requirements.

For and on behalf of the Board of Directors

Place : Bengaluru  
Date : 24<sup>th</sup> May, 2018

**Manish M Patel**  
Chairman & Managing Director

59<sup>th</sup>  
Annual Report  
2017-2018

**Form No MGT -9**  
**EXTRACT OF ANNUAL RETURN**

As on Financial Year ended 31-03-2018

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

**I REGISTRATION AND OTHER DETAILS:**

(i) CIN	L85110KA1959PLC001352
(ii) Registration Date	06.06.1959
(iii) Name of the Company	THE SOUTH INDIA PAPER MILLS LIMITED
(iv) Category/ Sub category of the Company	Indian Non Government Company, Company Limited by shares
(v) Address of the Registered office and Contact details	THE SOUTH INDIA PAPER MILLS LIMITED Chikkayanachatra Nanjangud - 571302, Karnataka
(vi) Whether listed Company	Yes
(vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT LTD Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally Hyderabad - 500 032

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the Total turnover of the Company shall be stated:

SI No.	Name and description of the main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Manufacture of Kraft Paper	1701	46.72%
2	Manufacture of corrugated paper & paperboard and containers of paper and paper board	1702	48.53%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :- NOT APPLICABLE**

SI No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1					
	<b>NOT APPLICABLE</b>				
2					



**IV SHARE HOLDING PATTERN (Equity Share Capital Break up percentage of Total Equity)**

**(i) Category wise share holding**

	Category of shareholders	No of shares held at the beginning of the year 01.04.2017				No of shares held at the end of the year 31.03.2018				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A</b>	<b>Promoters</b>									
<b>1)</b>	<b>Indian</b>									
a)	Individual /HUF	3869854	555036	4424890	29.50	3823774	418236	4242010	28.28	-1.22
b)	Central Govt.	0	0	0	0	0	0	0	0	0
c)	State Govt(s)	0	0	0	0	0	0	0	0	0
d)	Bodies Corp	0	0	0	0	0	0	0	0	0
e)	Banks / FI	0	0	0	0	0	0	0	0	0
f)	Any other	0	0	0	0	0	0	0	0	0
	<b>Sub Total (A)(1)</b>	<b>3869854</b>	<b>555036</b>	<b>4424890</b>	<b>29.50</b>	<b>3823774</b>	<b>418236</b>	<b>4242010</b>	<b>28.28</b>	<b>-1.22</b>
<b>2)</b>	<b>Foreign</b>									
a)	NRI's - Individuals	0	2245720	2245720	14.97	0	2245720	2245720	14.97	0
b)	Other - Individuals	0	0	0	0	0	0	0	0	0
c)	Bodies Corp	0	0	0	0	0	0	0	0	0
d)	Banks / FI	0	0	0	0	0	0	0	0	0
e)	Any other	0	0	0	0	0	0	0	0	0
	<b>Sub Total (A)(2)</b>	<b>0</b>	<b>2245720</b>	<b>2245720</b>	<b>14.97</b>	<b>0</b>	<b>2245720</b>	<b>2245720</b>	<b>14.97</b>	<b>0</b>
	<b>Total shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>3869854</b>	<b>2800756</b>	<b>6670610</b>	<b>44.47</b>	<b>3823774</b>	<b>2663956</b>	<b>6487730</b>	<b>43.25</b>	<b>-1.22</b>
<b>B</b>	<b>Public Shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds	0	1200	1200	0.01	0	1200	1200	0.01	0.00
(b)	Banks / FI	250000	12000	262000	1.75	250000	12000	262000	1.75	0.00
(c)	Central Govt	0	0	0	0	0	0	0	0	0
(d)	State Govt(s)	0	0	0	0	0	0	0	0	0
(e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f)	Insurance Companies	0	0	0	0	0	0	0	0	0
(g)	FII's	0	4000	4000	0.03	0	0	0	0.00	-0.03
(h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0

59<sup>th</sup>  
Annual Report  
2017-2018

	Category of shareholders	No of shares held at the beginning of the year 01.04.2017				No of shares held at the end of the year 31.03.2018				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(i)	Others (specify)									
	Foreign Portfolio Investor	0	0	0	0	19943	0	19943	0.13	0.13
	<b>Sub Total (B)(1)</b>	<b>250000</b>	<b>17200</b>	<b>267200</b>	<b>1.78</b>	<b>269943</b>	<b>13200</b>	<b>283143</b>	<b>1.89</b>	<b>0.11</b>
<b>2</b>	<b>Non Institutions</b>									
a)	Bodies Corporate									
	(i) Indian	488376	42600	530976	3.54	445370	35200	480570	3.20	-0.34
	(ii) Overseas	0	0	0	0	0	0	0	0	0.00
b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs 1 lakh	1454155	755214	2209369	14.73	1881411	625534	2506945	16.71	1.98
	(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4534133	206140	4740273	31.60	4301599	138940	4440539	29.60	-2.00
c)	Others (Specify)									
	Clearing Members	8237	0	8237	0.05	3407	0	3407	0.02	-0.03
	Non Resident Indians	281551	121000	402551	2.68	334941	116000	450941	3.01	0.32
	Trust / Welfare Fund	0	38000	38000	0.25	0	38000	38000	0.25	0.00
	HUF	132784	0	132784	0.89	166215	0	166215	1.11	0.22
	NBFC regd with RBI	0	0	0	0.00	34710	0	34710	0.23	0.23
	IEPF	0	0	0	0	107800	0	107800	0.72	0.72
	<b>Sub Total (B)(2)</b>	<b>6899236</b>	<b>1162954</b>	<b>8062190</b>	<b>53.75</b>	<b>7275453</b>	<b>953674</b>	<b>8229127</b>	<b>54.86</b>	<b>1.11</b>
	<b>Total public shareholding (B) = (B)(1) + (B)(2)</b>	<b>7149236</b>	<b>1180154</b>	<b>8329390</b>	<b>55.53</b>	<b>7545396</b>	<b>966874</b>	<b>8512270</b>	<b>56.75</b>	<b>1.22</b>
C	Shares held by custodian for GDR's and ADR's	0	0	0	0	0	0	0	0	0
	<b>Grand Total (A)+(B)+(C)</b>	<b>11019090</b>	<b>3980910</b>	<b>15000000</b>	<b>100.00</b>	<b>11369170</b>	<b>3630830</b>	<b>15000000</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% change in share-holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Jitendra Ambalal Patel	447520	2.98	0	447520	2.98	0	0.00
2	Upendra A. Patel	668000	4.45	0	668000	4.45	0	0.00
3	Rameshchandra C. Patel	567000	3.78	0	567000	3.78	0	0.00
4	Dineshchandra C Patel	520043	3.47	0	520043	3.47	0	0.00
5	Prafulchandra C Patel	567000	3.78	0	567000	3.78	0	0.00
7	Sanjay S. Patel	293048	1.95	0	258757	1.73	0	-0.23
8	Ajay D Patel	332752	2.22	0	332752	2.22	0	0.00
9	Ansuyaben M Patel	284400	1.90	0	284400	1.90	0	0.00
10	Manish M Patel	218252	1.46	0	218252	1.46	0	0.00
12	Shishir P. Patel	180020	1.20	0	180020	1.20	0	0.00
13	Meeta Virat Patel	171000	1.14	0	171000	1.14	0	0.00
14	Uma Mahendra Patel	143560	0.96	0	143560	0.96	0	0.00
15	Mrudulaben P. Patel	143560	0.96	0	143560	0.96	0	0.00
16	Manjulaben A. Patel	143560	0.96	0	143560	0.96	0	0.00
17	Snehlata D. Desai	117000	0.78	0	0	0.00	0	-0.78
18	Arunaben N. Patel	156600	1.04	0	156600	1.04	0	0.00
19	Ranjanben S. Patel	435096	2.90	0	410096	2.73	0	-0.17
20	Aparna R. Patel	75852	0.51	0	75852	0.51	0	0.00
21	Preeti R. Patel	75848	0.51	0	75848	0.51	0	0.00
22	Sandhya J Patel	373344	2.49	0	373344	2.49	0	0.00
25	Vandhana Manish Patel	248531	1.66	0	248542	1.66	0	0.00
26	Jyotiben Ramesh Patel	57144	0.38	0	57144	0.38	0	0.00
27	Beena Ankit Patel	56700	0.38	0	56700	0.38	0	0.00
28	Reena Sachin Patel	49100	0.33	0	49100	0.33	0	0.00

59<sup>th</sup>  
Annual Report  
2017-2018

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% change in share-holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
29	Rahul Devendra Desai	39600	0.26	0	0	0.00	0	-0.26
30	Avani Shamit Patel	56000	0.37	0	64000	0.43	0	0.05
31	Alpana S. Patel	72964	0.49	0	97964	0.65	0	0.17
32	Sheilaja Dipam Patel	28572	0.19	0	28572	0.19	0	0.00
33	Vatsala U. Patel	148544	0.99	0	148544	0.99	0	0.00
	<b>Total</b>	<b>6670610</b>	<b>44.47</b>	<b>0</b>	<b>6487730</b>	<b>43.25</b>	<b>0</b>	<b>-1.22</b>

(iii) Change in promoter's shareholding (please specify, if there is no change)

Sl No.	Name	Shareholding at the beginning of the year 01.04.2017		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Sanjay S Patel				
	At the beginning of the year	293048	1.95	293048	1.95
	02.06.2017 - Sale	-2000	-0.01	291048	1.94
	25.08.2017 - Sale	-941	-0.01	290107	1.93
	22.09.2017 - Sale	-3000	-0.02	287107	1.91
	06.10.2017 - Sale	-21050	-0.14	266057	1.77
	24.11.2017 - Sale	-6000	-0.04	260057	1.73
	16.03.2018 - Sale	-1300	-0.01	258757	1.73
	<b>Closing Balance as on 31.03.2018</b>			<b>258757</b>	<b>1.73</b>
2	Alpana Suresh Patel				
	At the beginning of the year	72964	0.49	72964	0.49
	26.05.2017 - Purchase	25000	0.17	97964	0.65
	<b>Closing Balance as on 31.03.2018</b>			<b>97964</b>	<b>0.65</b>
3	Ranjanben Suresh Patel				
	At the beginning of the year	435096	2.90	435096	2.90
	26.05.2017 - Sale	-25000	-0.17	410096	2.73
	<b>Closing balance as on 31.03.2018</b>			<b>410096</b>	<b>2.73</b>

SI No.	Name	Shareholding at the beginning of the year 01.04.2017		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	<b>Vandhana M Patel</b>				
	At the beginning of the year	248531	1.66	248531	1.66
	Purchase - 05.01.2018	11	0.00	248542	1.66
	<b>Closing balance as on 31.03.2018</b>			<b>248542</b>	<b>1.66</b>
5	<b>Snehlata D Desai</b>				
	At the beginning of the year	117000	0.78	117000	0.78
	02.02.2018 - Sale	-117000	-0.78	0	0
	<b>Closing balance as on 31.03.2018</b>			<b>NIL</b>	<b>0</b>
6	<b>Rahul D Desai</b>				
	At the beginning of the year	39600	0.26	39600	0.26
	24.11.2017 - Sale	-39600	-0.26	0	0
	<b>Closing balance as on 31.03.2018</b>			<b>NIL</b>	<b>0</b>
7	<b>Avani Shamit Patel</b>				
	At the beginning of the year	56000	0.37	56000	0.37
	07.04.2017 - Purchase	1500	0.01	57500	0.38
	14.04.2017 - Purchase	200	0.00	57700	0.38
	21.04.2017 - Purchase	3300	0.02	61000	0.41
	28.04.2017 - Purchase	1100	0.01	62100	0.41
	05.05.2017 - Purchase	200	0.00	62300	0.42
	12.05.2017 - Purchase	700	0.00	63000	0.42
	09.03.2018 - Purchase	250	0.00	63250	0.42
	16.03.2018 - Purchase	250	0.00	63500	0.42
	23.03.2018 - Purchase	250	0.00	63750	0.43
	31.03.2018 - Purchase	250	0.00	64000	0.43
	<b>Closing balance as on 31.03.2018</b>			<b>64000</b>	<b>0.43</b>

59<sup>th</sup>  
Annual Report  
2017-2018

(iv) Shareholding pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl No.	Names	Shareholding at the beginning of the year 01.04.2017		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Anil Kumar Goel At the beginning of the year <b>At the end of the year 31.03.2018</b>	900000	6.00	<b>900000</b>	<b>6.00</b>
2	Seema Goel At the beginning of the year Purchase - 30.12.2017 <b>At the end of the year 31.03.2018</b>	570000 72000	3.80 0.48	570000 642000 <b>642000</b>	3.80 4.28 <b>4.28</b>
3	Yamini M Patel At the beginning of the year <b>At the end of the year 31.03.2018</b>	471308	3.14	<b>471308</b>	<b>3.14</b>
4	Naina Rajendrabhai Patel At the beginning of the year <b>At the end of the year 31.03.2018</b>	358000	2.39	<b>358000</b>	<b>2.39</b>
5	Shetal S Patel * At the beginning of the year 04.08.17 - Sale 10.11.17 - Sale 08.12.17 - Sale 15.12.17 - Purchase 22.12.17 - Sale <b>At the end of the year 31.03.2018</b>	223838 -5870 -150000 -67968 8625 -8625	1.49 -0.04 -1.00 -0.45 0.06 -0.06	223838 217968 67968 0 8625 0 <b>NIL</b>	1.49 -0.04 -1.00 -0.45 0.06 -0.06 <b>0.00</b>
6	Urmilaben Jagdishbhai Patel At the beginning of the year <b>At the end of the year 31.03.2018</b>	199302	1.33	199302 <b>199302</b>	1.33 <b>1.33</b>
7	K S I I D C At the beginning of the year <b>At the end of the year 31.03.2018</b>	190000	1.27	<b>190000</b>	<b>1.27</b>
8	Devendra Chinubhai Desai** At the beginning of the year 24.11.2017 - Purchase 02.02.2018 - Purchase <b>At the end of the year 31.03.2018</b>	0 39600 117000	0 0.26 0.78	0 39600 156600 <b>156600</b>	0.00 0.26 1.04 <b>1.04</b>
9	Ithought Wealth Analytics LLP * At the beginning of the year 21.04.2017 - Sale	168521 -47727	1.12 -0.32	168521 120794	1.12 0.81

Sl No.	Names	Shareholding at the beginning of the year 01.04.2017		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	28.04.2017 - Sale	-3320	-0.02	117474	0.78
	19.05.2017 - Sale	-7055	-0.05	110419	0.74
	26.05.2017 - Sale	-13066	-0.09	97353	0.65
	16.06.2017 - Sale	-11214	-0.07	86139	0.57
	23.06.2017 - Sale	-6406	-0.04	79733	0.53
	28.07.2017 - Sale	-37683	-0.25	42050	0.28
	04.08.2017 - Sale	-4077	-0.03	37973	0.25
	08.09.2017 - Sale	-25735	-0.17	12238	0.08
	15.09.2017 - Sale	-8096	-0.05	4142	0.03
	30.09.2017 - Sale	-4142	-0.03	0	0.00
	<b>As the end of the year 31.03.2018</b>			<b>NIL</b>	<b>0.00</b>
10	Sonal M Patel*				
	At the beginning of the year	128450	0.86	128450	0.86
	21.04.2017 - Sale	-7755	-0.05	120695	0.80
	04.08.2017 - Sale	-10050	-0.07	110645	0.74
	22.09.2017 - Sale	-68917	-0.46	41728	0.28
	30.09.2017 - Sale	-41728	-0.28	0	0.00
	<b>At the end of the year 31.03.2018</b>			<b>NIL</b>	<b>0.00</b>
11	Deepak Ghanshyam Ladha				
	At the beginning of the year	146691	0.98	146691	0.98
	26.05.2017 - Purchase	200	0.00	146891	0.98
	02.06.2017 - Purchase	10	0.00	146901	0.98
	28.07.2017 - Purchase	899	0.01	147800	0.99
	25.08.2017 - Purchase	289	0.00	148089	0.99
	01.09.2017 - Purchase	500	0.00	148589	0.99
	08.09.2017 - Purchase	100	0.00	148689	0.99
	15.09.2017 - Purchase	136	0.00	148825	0.99
	22.09.2017 - Purchase	520	0.00	149345	1.00
	06.10.2017 - Purchase	405	0.00	149750	1.00
	13.10.2017 - Purchase	310	0.00	150060	1.00
	20.10.2017 - Purchase	251	0.00	150311	1.00
	27.10.2017 - Purchase	30	0.00	150341	1.00
	03.11.2017 - Sale	-41	0.00	150300	1.00
	17.11.2017 - Purchase	150	0.00	150450	1.00
	24.11.2017 - Purchase	450	0.00	150900	1.01
	01.12.2017 - Purchase	50	0.00	150950	1.01
	08.12.2017 - Purchase	250	0.00	151200	1.01
	22.12.2017 - Sale	-400	0.00	150800	1.01
	30.12.2017 - Sale	-190	0.00	150610	1.00
	05.01.2018 - Sale	-680	0.00	149930	1.00
	12.01.2018 - Purchase	701	0.00	150631	1.00
	19.01.2018 - Purchase	710	0.00	151341	1.01

59<sup>th</sup>  
Annual Report  
2017-2018

Sl No.	Names	Shareholding at the beginning of the year 01.04.2017		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	26.01.2018 - Purchase	212	0.00	151553	1.01
	02.02.2018 - Purchase	110	0.00	151663	1.01
	09.02.2018 - Sale	-2000	-0.01	149663	1.00
	16.02.2018 - Sale	-1762	-0.01	147901	0.99
	16.03.2018 - Purchase	100	0.00	148001	0.99
	23.03.2018 - Purchase	500	0.00	148501	0.99
	<b>As the end of the year 31.03.2018</b>			<b>148501</b>	<b>0.99</b>
12	Jagdishbhai Mafatbhai Patel At the beginning of the year <b>At the end of the year 31.03.2018</b>	146400	0.98	146400	0.98
13	Patel Hema Vijay** At the beginning of the year <b>At the end of the year 31.03.2018</b>	94000	0.63	94000	0.63

\* The shareholder was in the list of top 10 shareholders as on 31.03.2017. During the year the shareholder has ceased to be in top 10 shareholders. As on 31.03.2018 the holding is NIL.

\*\* The shareholder was not in the list of top 10 shareholders as on 31.03.2017. The same has been reflected above since the shareholder is one of the top 10 shareholder as on 31.03.2018.



**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Names	Shareholding at the beginning of the year 01.04.2017		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr Manish M Patel - MD At the beginning of the year At the end of the year 31.03.2018	218252	1.46	218252	1.46
2	Mr Dineshchandra C Patel - Director At the beginning of the year At the end of the year 31.03.2018	520043	3.47	520043	3.47
3	Mr Jagdish M Patel - Director At the beginning of the year At the end of the year 31.03.2018	146400	0.98	146400	0.98
4	Mr M G Mohan Kumar - Director At the beginning of the year At the end of the year 31.03.2018	3200	0.02	3200	0.02
5	Mr S R Chandrasekara Setty - Director At the beginning of the year At the end of the year 31.03.2018	2000	0.01	2000	0.01
6	Mr Ajay D Patel- Director At the beginning of the year At the end of the year 31.03.2018	332752	2.22	332752	2.22
7	Mr N S Kishore Kumar - Director At the beginning of the year At the end of the year 31.03.2018	6400	0.04	6400	0.04
8	Mr Jitendra A Patel- Director At the beginning of the year At the end of the year 31.03.2018	447520	2.98	447520	2.98
9	Mrs Girija Shankar - Director At the beginning of the year At the end of the year 31.03.2018	NIL	NIL	NIL	NIL
10	Mr B Ravi Holla - CFO At the beginning of the year At the end of the year 31.03.2018	800	0.005	800	0.005
11	Mrs Vidya Bhat At the beginning of the year At the end of the year 31.03.2018	NIL	NIL	NIL	NIL

59<sup>th</sup>  
Annual Report  
2017-2018

V INDEBTEDNESS

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

	Secured Loan excluding deposits (₹ in lakhs)	Unsecured Loans / Deferred Credit Liability (₹ in lakhs)	Deposits (₹ in lakhs)	Total Indebtedness (₹ in lakhs)
Indebtedness at the beginning of the financial year 01/04/17				
(i) Principal Amount	4544.01	468.59	-	5012.60
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i)+(ii)+(iii)</b>	<b>4544.01</b>	<b>468.59</b>	<b>-</b>	<b>5012.60</b>
Change in Indebtedness during the financial year				
Addition	1150.00	-	-	1150.00
Reduction	399.48	235.92	-	635.40
<b>Net Change</b>	<b>750.52</b>	<b>-235.92</b>	<b>-</b>	<b>514.60</b>
Indebtedness at the end of the financial year 31/03/18				
(i) Principal Amount	5294.53	232.67	-	5527.20
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i)+(ii)+(iii)</b>	<b>5294.53</b>	<b>232.67</b>	<b>-</b>	<b>5527.20</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole Time Director and /or Manager :**

FY 2017-18

Sl No.	Particulars of Remuneration	Mr Manish M Patel MD & CEO (₹ in Lakhs)
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 (b) Value of Perquisites under Section 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	100.09 0.78
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as a percentage of profit - others, specify	-
5	Others - (Non Taxable)	1.52
	<b>Total (A)</b>	<b>102.39</b>
	<b>Ceiling as per the Act</b>	<b>102.39</b>

B Remuneration to other Directors		Name of Directors							Total Amount
		Mr. M G Mohan Kumar	Mr. S R Chandrasekara Setty	Mr. N S Kishore Kumar	Mr. Jagdish M Patel	Mrs. Girija Shankar	Total Amount		
(i)	Fee for attending Board / Committee meetings	1.20	1.20	0.40	0.50	0.60		3.90	
(ii)	Commission	-	-	-	-	-		-	
(iii)	Others, please specify	-	-	-	-	-		-	
	<b>Total (1)</b>	<b>1.20</b>	<b>1.20</b>	<b>0.40</b>	<b>0.50</b>	<b>0.60</b>		<b>3.90</b>	
	<b>Other Non executive directors</b>	<b>Mr Dineshchandra C Patel</b>	<b>Mr Ajay D Patel</b>	<b>Mr Jitendra A Patel</b>	<b>Total Amount</b>				
(i)	Fee for attending Board / Committee meetings	0.30	0.30	0.30				0.90	
(ii)	Commission	-	-	-				-	
(iii)	Others, please specify	-	-	-				-	
	<b>Total(2)</b>	<b>0.30</b>	<b>0.30</b>	<b>0.30</b>				<b>0.90</b>	
	<b>Total (B) = (1+2)</b>	<b>4.80</b>							
	<b>Total Managerial Remuneration (A+B)</b>	<b>107.19</b>							
	<b>Overall Ceiling as per the Act</b>	<b>107.19</b>							

**C. Remuneration to Key Managerial Personnel Other than MD/ MANAGER/WTD**

(₹ in Lakhs)

Sl No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary Mrs Vidya Bhat	CFO - Mr B. Ravi Holla	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	4.12	13.33	17.45
	(b) Value of Perquisites under Section 17(2) of the Income Tax Act, 1961	-		-	
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-		-	
2	Stock Option	-		-	
3	Sweat Equity	-		-	
4	Commission - as a percentage of profit - others, specify.				
5	Others - (Non Taxable)	-	0.22	0.36	0.58
	<b>Total</b>	-	<b>4.34</b>	<b>13.69</b>	<b>18.03</b>

**VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - NA-**

Type	Section of Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS			<b>NOT APPLICABLE</b>		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

59<sup>th</sup>  
Annual Report  
2017-2018

**FORM NO. AOC - 2**

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.**

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
2. Details of material contracts or arrangement or transactions at arm's length basis.
  - (a) Name(s) of the related party and nature of relationship  
There are no transactions with related parties, other than remuneration to the following Key Managerial Personnel (KMP) / relative of KMP :  
Manish M Patel – Chairman & Managing Director – Key Managerial Personnel  
Vandhana M Patel – Wife of MD – relative of Key Managerial Personnel  
B Ravi Holla – CFO - Key Managerial Personnel  
Vidya Bhat - Company Secretary – Key Managerial Personnel
  - (b) Nature of contracts / arrangements / transactions: Details of transactions with the above related parties are provided in Note No. 33 to the Accounts for the Financial Year 2017-18.  
It may be seen therefrom that the total value of transactions with all the related parties are less than 10% of the total income for the financial year 2017-18 and hence, none of them are material in nature  
Hence the details required in Paras (c) to (e) to be furnished in respect of material related party transactions are not applicable and hence not furnished.
  - (f) Amount paid as advances, if any : NIL

For and on behalf of the Board of Directors

Place : Bengaluru  
Date : 24<sup>th</sup> May 2018

**Manish M Patel**  
Chairman & Managing Director

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,  
FOREIGN EXCHANGE EARNINGS AND OUTGO**

**Information as per Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules 2014 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2018.**

**A) CONSERVATION OF ENERGY**

Conservation of energy is an ongoing activity receiving major emphasis at all stages of manufacturing. Energy consumption is systematically monitored and conservation of energy is implemented in a phased manner.

**1. Steps taken/ impact on conservation of energy:**

- i) The Company generates steam for process requirements as well as power generation by Circulating Fluidised Bed Combustion (CFBC) Boiler, which is energy efficient.
- ii) The Company continues to phase out high energy consuming devices especially in the areas of stock refining vacuum systems and pumping systems to incorporate modern equipment.

- iii) Static inverter drives have been installed for boilers, ID/FD fans and for all the rewinders to reduce energy consumption (PM5)
- iv) Variable frequency drives have been installed on all the fan pumps of the new machine. This allows a continuous saving of energy at varying process conditions.
- v) Paper Machines line shaft drives modified to AC variable / DC drives, resulting in energy savings.
- vi) High Capacity Motors are provided with soft starters which contribute about 5% savings compared to conventional starters.
- vii) Installation of capacitor banks to optimize power factor and other energy saving devices.
- viii) Recycling of back water in new machine, to conserve fresh water
- ix) Construction of fuel shed, for storing fuel items in good condition, resulted in reduced wastage & energy savings
- x) Replaced old press section in Machine No.1 with higher nip load press part resulting in saving in steam consumption.
- xi) Installed water flow meter at relevant lines to monitor and control the water consumption resulting in saving of fresh water and pumping energy.
- xii) Boiler cooling water collected in a tank and fed to cooling tower which result in saving of fresh water and pumping energy.
- xiii) Micro Travel Showers introduced on all machines to conserve fresh water consumption and pumping energy.
- xiv) Factory Pump house motor provided with VFD with Auto pressure monitoring
- xv) The New boiler is equipped with variable frequency drives for all motors
- xvi) Energy meter is installed in all HT feeders
- xvii) Installed VFD for cooling water pump
- xviii) All the cooling system water is connected to cooling tower thereby reducing the cooling tower water consumption.
- xix) Invested on LED light fittings in the new boiler area
- xx) New 50TPH Boiler equipped with VFD Drive for all auxiliaries, feed water pumps, ID Fan, PA Fan, SA Fan
- xxi) Installed Electronic water meter at various consumption points such as Cooling tower, DM Plant, PM 1 & 4
- xxii) Worn out pumps casing and impellers replaced to run the pump at optimum efficiency, thereby improving its efficiency.
- xxiii) Steam line insulations replaced periodically to prevent radiation losses.

59<sup>th</sup>  
Annual Report  
2017-2018

**IMPACT OF ABOVE MEASURES:**

The above measures have resulted in reduced consumption of energy & consequent favourable impact on cost of production of goods.

**2) Steps taken by the Company for utilizing alternate sources of energy**

Company is using biomass fuel as an alternate source of energy

**3) Capital Investment on energy conservation equipments**

Major investments were made in FY 2015-16 towards cogeneration facility as reported earlier

**B. TECHNOLOGY ABSORPTION**

Particulars in respect of this is NIL

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

		2017- 18	2016-17
		₹ in Lakhs	₹ in lakhs
	<b>Total Foreign exchange used :</b>		
A	Raw Materials	3,861.80	4,277.15
B	Stores, Spares, Consumables	87.83	118.80
C	Capital Goods	367.87	1,341.86
D	Professional Fees	-	0.60
E	Travelling Expenses	2.51	3.62
		<b>4,320.01</b>	<b>5,742.03</b>
	<b>Total Foreign exchange earned</b>	<b>25.61</b>	<b>--</b>

**DISCLOSURE UNDER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014**

(A) Statement of particulars of Remuneration as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2018

Sl No.	Description		
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Chairman & Managing Director	35:1
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive officer, Company Secretary or Manager, if any, for the financial year	Chairman & Managing Director CFO Company Secretary	-2% 16% 30%



Sl No.	Description		
3	The percentage increase in the median remuneration of employees in the financial year		18%
4	The number of permanent employees on the rolls of the Company		364
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration	Average increase in the salary of employees other than managerial persons Managerial Remuneration	24.49% 0.40%
6	Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration is as per the remuneration policy of the Company	

**B Statement of Particulars of employees who are in receipt of remuneration of not less than ₹ 1,02,00,000 in aggregate during the year pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2018.**

Sl. No.	Name, Age & Qualification	Designation, Commencement of employment & Experience	Remuneration received (₹ in Lakhs)	Particulars of last Employment
1	2	3	4	5
(1)	Manish M.Patel, 59, B.E.Hons. (ChE), M.B.A.	Managing Director from 20/5/04 10-09-1985(32)	102.39	Executive, Personal Banking Division Comerica Inc., Detroit, MI, USA.

Note : The appointment is contractual. Other terms and conditions are as per rules and regulations of service in force from time to time. Gross remuneration comprises of salary, monetary value of perquisites, commission payable to Whole-time Directors on net profits & the Company's contribution to provident fund & super annuation fund.

For and on behalf of the Board of Directors

Place : Bengaluru  
Dated : 24<sup>th</sup> May, 2018

**Manish M Patel**  
Chairman & Managing Director

59<sup>th</sup>  
Annual Report  
2017-2018

**REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES(CSR) FOR  
THE FINANCIAL YEAR 2017-18**

**[Information as per Section 135 of the Companies Act, 2013 and Companies (CSR  
Policy) Rules 2014]**

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs

The company is consistently taking up various community welfare initiatives for the benefit of the people living in neighbouring villages. The Company's CSR activity mainly covers areas situated around the factory premises.

In accordance with the requirements under the Companies Act, 2013, SIPM CSR activities, amongst others, will focus on :

**RURAL DEVELOPMENT PROJECTS:** Strengthening rural areas by improving accessibility, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.

**ENVIRONMENTAL SUSTAINABILITY:** Ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining the quality of soil, air and water.

**PROMOTING EDUCATION**

The CSR Policy is posted on the website of the Company : [www.sipaper.com](http://www.sipaper.com)

2. Composition of CSR Committee
- (i) Mr Manish M Patel - Chairman
  - (ii) Mr M G Mohan Kumar – Member ( Independent Director)
  - (iii) Mr S R Chandrasekara Setty-Member ( Independent Director)
3. Average net profit of the Company for the last 3 financial years : ₹ 2491.90 lakhs
4. Prescribed CSR expenditure (2% of the amount as in Item 3 above) ₹ 49.84 lakhs
5. Details of CSR spent during the Financial year
- (a) Total amount to be spent for the financial year : ₹ 49.84 lakhs
  - (b) Amount unspent, if any : ₹ 49.38 lakhs
  - (c) Manner in which the amount spent during the financial year is detailed below :

	₹ in lakhs
i) Note books given to Anathashram	0.17
ii) Paper given to school for the blind	0.29
<b>Total amount spent</b>	<b>0.46</b>

6. In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's report

Company has planned for following CSR projects for the benefit of villagers in the villages around the factory :

- i) Chlorination plant for drinking water for Chikkayanachatra & Banchalli hundi villages.
- ii) Sewage Treatment Plant for the 3 villages Chikkayanachatra, Thandavapura & Banchalli hundi.

Land finalization for the project is awaited from Gram Panchayath. Amount could not be spent pending finalization of land by Gram Panchayath (GP). On finalizing the above, Company will be spending on the project.

Current Developments on the above stated CSR projects :Deputy Commissioner (DC), Mysuru had instructed Tahsildar to identify Kharab land for the purpose & report. Subsequently, there has been changes in the above offices owing to transfers. No progress in identifying the land for the purpose.

During the year Company faced labour strike and the earning was far lower.

However, the Company has spent Rs 0.46 lakhs as mentioned in 5(c) above.

If the Gram Panchayath finalization/ suitable land for the CSR project is not received within a reasonable time, Company will be spending on other CSR Activities.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company

The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Bengaluru  
24<sup>th</sup> May 2018

**Manish M Patel**  
Chairman of CSR Committee

# 59<sup>th</sup> Annual Report 2017-2018

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that 'Ethics' is the key word for sustained growth. The Company has continuously endeavoured to uphold transparency, accountability and compliance in all business practices and to have better rapport with the customers, suppliers, Government, shareholders and the society, in general. We are committed to being on the path to progress.

### 2. BOARD OF DIRECTORS

The Board of Directors of the company comprises of 9 Directors as on 31.03.2018.

Names of Directors	Category
Mr. Manish M. Patel	Chairman & Managing Director
Mr. Dineshchandra C. Patel	Non Executive Director
Mr. Jagdish M. Patel	Independent, Non Executive Director
Mr. M.G. Mohan Kumar	Independent, Non Executive Director
Mr. S.R.Chandrasekara Setty	Independent, Non Executive Director
Mr. Ajay D. Patel	Non Executive Director
Mr. N.S. Kishore Kumar	Independent, Non Executive Director
Mr. Jitendra A Patel	Non Executive Director
Mrs. Girija Shankar	Independent, Non Executive Director

The Company has an Executive Chairman & Managing Director. The other 8 Directors, out of the total strength of 9, are non- executive Directors. 50% of the Board consists of Independent & Non Executive Directors.

During the financial year under review 5 Board Meetings were held.

Board Meeting Dates are furnished below

- 27<sup>th</sup> April 2017
- 25<sup>th</sup> May 2017
- 10<sup>th</sup> August 2017
- 26<sup>th</sup> October 2017
- 25<sup>th</sup> January 2018

Attendance of each Director at the Board Meeting and last Annual General Meeting:

Name of Director	No. of Board Meetings Attended	Attendance at the last AGM held on 26 <sup>th</sup> September, 2017
Mr. Manish M. Patel	5	Yes
Mr. Dineshchandra C. Patel	3	No
Mr. Jagdish M. Patel	2	Yes
Mr. M.G. Mohan Kumar	5	Yes
Mr. S.R. Chandrasekara Setty	5	Yes
Mr. Ajay D. Patel	3	No
Mr. N S Kishore Kumar	3	No
Mr. Jitendra A Patel	3	No
Mrs. Girija Shankar	5	Yes

Mr. Dineschandra C Patel and Mr Ajay D. Patel are related inter- se.

Number of other company boards or board committees in which each of the Directors of the Company is a member or chairman

<b>Name of Director</b>	<b>No. of other Companies in which Director</b>	<b>No. of Committees (other than SIPMLtd.) in which member/Chairman</b>
Mr. Manish M. Patel	4	4 (including 3 as Chairman)
Mr. Dineshchandra C. Patel	1	-
Mr. Jagdish M. Patel	-	-
Mr. M.G. Mohan Kumar	9	3 (as Chairman)
Mr. S.R. Chandrasekara Setty	-	-
Mr. Ajay D. Patel	4	-
Mr. N S Kishore Kumar	-	-
Mr. Jitendra A Patel	2	-
Mrs. Girija Shankar	-	-

### **3. AUDIT COMMITTEE**

The broad terms of reference of the Audit Committee are :

- Oversight of Company's financial reporting process, disclosure of its financial information
- Recommendation for appointment, remuneration and terms of appointment of Auditors
- Reviewing with the management annual financial statements and quarterly financial statements
- Review of Capital expenditure, Statutory payments and institutional dues
- Other areas enumerated in Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as may be applicable

The Audit Committee is empowered to do such acts and deeds as mentioned under Listing Regulations

The Committee comprises of the following Directors and their attendance particulars are as follows:

Name	No. of meetings attended
Mr. M.G. Mohan Kumar - Chairman	5
Mr. S.R. Chandrasekara Setty - Joint Chairman	5
Mr. Jagdish M Patel	2

The Company Secretary of the Company is the Secretary of the Committee.

The Audit Committee met five times in the financial Year 2017-2018 i.e., on

- 25<sup>th</sup> May 2017
- 10<sup>th</sup> August 2017
- 26<sup>th</sup> Sept 2017
- 26<sup>th</sup> October 2017
- 25<sup>th</sup> January 2018

### **4. NOMINATION & REMUNERATION COMMITTEE**

The Nomination & Remuneration Committee was constituted vide Board Meeting held on 30<sup>th</sup> May, 2009 to review the remuneration package of Chairman & Managing Director and to recommend to the Board.

The role of the Committee also includes formulation of criteria for determining the qualification, attributes of Independence of Director, recommending to the Board the remuneration policy for Directors and Key Managerial Personnel, formulation of criteria for evaluation of Independent Directors.

# 59<sup>th</sup> Annual Report 2017-2018

The Nomination & Remuneration Committee comprises of the following Directors

Name	No. of meetings attended
1. Mr. M.G. Mohan Kumar - Chairman	2
2. Mr.S.R. Chandrasekara Setty	2
3. Mr. Jagdish M Patel	0

The Nomination & Remuneration Committee meetings were held on 10<sup>th</sup> August 2017 for approval of increase in Remuneration to Key Managerial Personnel, Senior Management Staff and on 25<sup>th</sup> January 2018 to consider remuneration package including minimum remuneration to Managing Director for Financial Year 2018 under Part II of Schedule V of the Companies Act, 2013.

Performance evaluation criteria of Independent Directors :

- Attending Board/ Committee Meetings
- Going through Agenda papers and providing inputs in the meetings of the Board / Committees
- Guidance to the Company from time to time on the various issues brought to their notice
- Discharge of duties as per Schedule IV of the Companies Act 2013 and compliance to other requirements of the said Act or other regulatory requirements.

## REMUNERATION TO NON WHOLETIME DIRECTORS

Non-Whole Time Directors are paid sitting fees. Commission not exceeding 1% (aggregate for all Non-Whole Time Directors) of the net profit of the Company as per Section 197 of the Companies Act 2013, will be paid to the Non Whole Time Directors subject to adequacy of profits, as approved by the shareholders resolution on 10-09-2015 for a period of 5 years. The commission shall be shared among the Non-Whole Time Directors equally and in proportion to the period of holding directorship in that financial year.

Name of Director	Sitting Fees (₹ in lakhs) (Board /Committee Meetings)
Mr. Dineshchandra C Patel	0.30
Mr. Jagdish M Patel	0.50
Mr. M G Mohan Kumar	1.20
Mr. S R Chandrasekara Setty	1.20
Mr. Ajay D Patel	0.30
Mr. N S Kishore Kumar	0.40
Mr. Jitendra A Patel	0.30
Mrs. Girija Shankar	0.60
<b>Total</b>	<b>4.80</b>

## REMUNERATION TO CHAIRMAN and MANAGING DIRECTOR / WHOLE TIME DIRECTORS

Mr Manish M Patel, Chairman & Managing Director of the Company is the only Whole time Director. No sitting fees is paid to him. Remuneration to Chairman & Managing Director within the ceiling prescribed under the Companies Act, is approved by the Remuneration Committee and Board of Directors and subject to approval of the

members of Company in General Meeting. Remuneration paid/ provided to Mr. Manish M Patel for 2017-2018, is as follows:

	₹ in Lakhs
Salary	90.00
Perquisites	11.17
Contribution to Provident Fund	0.22
Contribution to Super Annuation Fund	1.00
<b>Total</b>	<b>102.39</b>

#### 5. STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee operates in terms of the provisions related thereto in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or the provisions as prescribed or as may be prescribed in this regard by the Companies Act, 2013.

The Committee met 15 times during the year on 20-04-2017, 27-04-2017, 20-05-2017, 25-05-2017 10-08-2017, 26-09-2017, 18-10-2017, 26-10-2017, 30-11-2017, 20-12-2017, 25-01-2018, 30-01-2018, 20-02-2018, 28-02-2018 & 22-03-2018.

The Committee comprises of the following Directors and their attendance particulars during 2017-18 are as follows::

Name	No. of Meetings attended
Mr. M.G. Mohan Kumar – Chairman	15
Mr. S. R. Chandrasekara Setty	15

The members of the aforesaid Committee have been delegated authority by the Board of Directors, inter alia, to approve transfer and transmission of shares, issue of new share certificates on account of certificates lost, defaced and to look into the redressal of share holders / investor complaints like non-receipt of balance sheet, non-receipt of declared dividends, etc.

During the year under review, all valid transfers lodged with the Company have been registered and share certificates returned to shareholders within the time frame set by the relevant provisions under the Companies Act, 2013.

- Name & designation of compliance officer : Mrs Vidya Bhat, Company Secretary
- No. of shareholders complaints received during 2017-2018 : Relating to Non credit of Demat shares/dividend/Bonus share certificate/ Share certificates after transfer, aggregating to 26. All 26 were resolved.
- No. of complaints not solved to the satisfaction of shareholders : Nil
- No. of pending complaints as on 31<sup>st</sup> March 2018 : Nil

#### 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR Committee)

The Company has constituted a Corporate Social Responsibility Committee as mandated by Section 135 of the Companies Act 2013 vide Board Meeting held on 27.01.2015. The Committee comprises of the following Directors.

Mr Manish M Patel	-	Chairman
Mr M G Mohan Kumar	-	Member
Mr S R Chandrasekara Setty	-	Member

# 59<sup>th</sup> Annual Report 2017-2018

The broad terms of reference of the CSR Committee are as under:

- Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company.
- Recommending the amount of expenditure to be incurred on the aforesaid activities and;
- Reviewing and Monitoring the CSR Policy of the company from time to time.

Meeting Details: 1 meeting was held during the Financial year 2017-18 on 22-03-2018 and it was attended by all the members.

## 7. GENERAL BODY MEETING

The details of last three Annual General Meetings of the Company are as under.

Financial Year	Date & Time	Venue	Special resolutions passed
2014-15	10 <sup>th</sup> September, 2015 at 3.30 p.m	Regd Office at Chikkayanachatra Nanjangud - 571302	Approval for commission payable to Non Whole-time Directors for a period of 5 years
2015-16	15 <sup>th</sup> September, 2016 at 3.30 p.m	-do-	No special resolution was passed
2016-17	26 <sup>th</sup> September, 2017 at 3.30 p.m	-do-	No special resolution was passed

There were no items in the Agenda requiring voting by Postal Ballot. There are no items in the Agenda of the forthcoming AGM requiring Postal Ballot.

## 8. DISCLOSURES

### Related Party Transactions:

Shareholdings of Directors of the Company as on 31<sup>st</sup> March 2018.

Sl. No.	Name of Director	Share Holding	
		No. of Shares	% of Holding
1	Mr. Manish M Patel	2,18,252	1.46%
2	Mr. Dineshchandra C Patel	5,20,043	3.47%
3	Mr. Jagdish M Patel	1,46,400	0.98%
4	Mr. M G Mohan Kumar	3,200	0.02%
5	Mr. S R Chandrasekara Setty	2,000	0.01%
6	Mr. Ajay D Patel	3,32,752	2.22%
7	Mr. N S Kishore Kumar	6,400	0.04%
8	Mr. Jitendra A Patel	4,47,520	2.98%
9	Mrs. Girija Shankar	NIL	NIL

There were no transactions of material nature with its promoters, the Directors or the management, or their relatives, etc. that may have potential conflict with the interests of the Company at large.

Company's policy on dealing with related party transactions are available on the Company's website [www.sipaper.com](http://www.sipaper.com).



Details of familiarization programme imparted to Independent Directors is placed on the website [www.sipaper.com](http://www.sipaper.com)

There was no instance of non-compliance by the Company nor have any penalties, strictures been imposed on them by Stock Exchanges or SEBI or any other statutory authority during the last three years on any matter related to Capital Markets.

**Code of Conduct:**

The Board has formulated a code of conduct for Board members and Senior Management of the Company. All Board members and senior management personnel have affirmed their compliance with the Code.

**CEO/CFO Certification:**

CEO/CFO Certification by Mr. Manish M.Patel, Chairman and Managing Director and Mr. B.Ravi Holla, CFO, as stipulated by Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, was placed before the Board of Directors at its meeting held on 24th May 2018.

**Whistle Blower Policy**

As per Section 177 (9) of the Act, read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has established a vigil mechanism overseen by the Audit Committee. The Company has framed a Whistle Blower policy as required under the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and no personnel has been denied access to the Audit Committee.

**Risk Management**

The Company has a risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimise adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

The Board of Directors have constituted a Risk Management Committee as required under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 vide Board Meeting held on 27.01.2015 to frame, implement and monitor the risk management plan of the Company. The Committee comprises of the following Directors.

Mr Manish M Patel - Chairman  
Mr M G Mohan Kumar - Member  
Mr S R Chandrasekara Setty - Member

The terms of reference of risk management committee include review of Risk management policy and its development within the Company, to monitor the effectiveness of risk management policy, review major risks of the Company and to advice on mitigation to the Board.

Meeting details : 1 meeting was held during the Financial year 2017-18 on 26th September, 2017 and it was attended by all the members.

**Compliance with Mandatory & Non mandatory requirements:**

Company complies with all the mandatory requirements of Corporate Governance contained in the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015. Non mandatory requirements, in the opinion of the Board, have no material bearing on the current standards of Corporate Governance and hence will be addressed as appropriate, in future.

# 59<sup>th</sup> Annual Report 2017-2018

## 9. MEANS OF COMMUNICATION

The unaudited quarterly and half yearly results are sent to the Stock Exchange(s) where the shares of the Company are listed. The results are generally published in Business Standard and Samyukta Karnataka. The Results are also displayed on the Company's website www.sipaper.com. Other communications are disclosed through the Company's website.

The Management Discussion and Analysis is a part of this Annual report.

## 10. GENERAL SHAREHOLDER INFORMATION:

- AGM-Date, time and Venue 20<sup>th</sup> September, 2018 at 3.30 P.M.  
At the Regd office at Chikkayanachatra,  
Nanjangud-571 302.
- Financial Calendar April 1, 2018 to March 31, 2019  
First Quarter Results Last week of July 2018  
Second Quarter Results Last week of October 2018  
Third Quarter Results Last week of January 2019  
Audited Results for 2018-19 Last week of May 2019  
First quarter Results of 2019-20 Last week of July 2019  
Annual General Meeting September 2019
- Date of Book Closure 01/09/2018 to 22/09/2018
- Dividend payment date Before 10<sup>th</sup> October 2018
- Listing on Stock Exchanges BSE Limited,  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001  
Listing fees for 2018-2019 has been paid  
to the above Stock Exchange.
- Stock Code The Bombay Stock Exchange (Code 516108)
- ISIN No. ISIN No. allotted for Company's equity shares  
is INE 088G01014 under Demat System and is  
activated at both CDSL & NSDL.
- Market price data & Stock Performance in comparison to BSE sensx.

### Monthwise Market Prices Data – High, Low & Volume during 2017-2018

Date	High (₹)	Low (₹)	No. of Shares	BSE Sensx	
				High	Low
April 2017	124.40	113.00	1,91,043	30,184	29,241
May 2017	118.00	100.00	97,581	31,255	29,804
June 2017	111.00	90.25	73,556	31,523	30,681
July 2017	111.00	92.00	1,71,504	32,673	31,017
August 2017	105.00	92.85	64,600	32,686	31,128
September 2017	117.50	91.50	3,19,249	32,524	31,082
October 2017	122.85	101.60	2,19,823	33,340	31,440
November 2017	141.50	116.00	4,78,079	33,866	32,684
December 2017	157.05	120.55	5,27,857	34,138	32,565
January 2018	168.00	140.00	3,68,791	36,444	33,703
February 2018	147.55	117.55	2,14,949	36,257	33,483
March 2018	125.00	109.25	1,73,058	34,279	32,484

Registrar and Transfer Agent

The Company has appointed Common agency to handle both physical & Electronic segments of RTA work as per SEBI requirement w.e.f 1-4-2003.

**Address of our Registrars & Transfer Agents**

**Karvy Computershare Pvt Ltd  
Karvy Selenium Tower B  
Plot No. 31 & 32  
Gachibowli Financial District, Nanakramguda  
Serilingampally, Hyderabad -500 032**

- Share Transfer System

Share transfers in physical form may be lodged with the Company's Registrars whose address is provided above. The transfers are normally processed within 15 days from date receipt, if the documents are complete in all respects

Requirements under the Listing Regulations / Statutory obligations are being followed.

- Shareholding patterns & Distribution of Shareholding:-

<b>Shareholding pattern as on 31<sup>st</sup> March 2018</b>			
<b>Sl. No.</b>	<b>Category</b>	<b>No. of Shares Held</b>	<b>Percentage of shareholding</b>
<b>A</b>	<b>Promoters' Holding</b>		
1	Promoters*		
	- Indian Promoters	42,42,010	28.28%
	- Foreign Promoters	22,45,720	14.97%
	<b>Sub Total</b>	<b>64,87,730</b>	<b>43.25%</b>
<b>B</b>	<b>Non-Promoters' Holding</b>		
2	Institutional Investors		
A	Mutual Funds & UTI	1,200	0.01%
B	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions, Non-Government Institutions.)	2,62,000	1.75%
<b>C</b>	<b>FII's / Foreign Portfolio Investors</b>	19,943	0.13%
	<b>Sub Total</b>	<b>2,83,143</b>	<b>1.89%</b>
3	Others		
A	Private Corporate Bodies	4,80,570	3.20%
B	Indian Public	69,47,484	46.32%
C	NRIs	4,50,941	3.01%
D	Any other (please specify)		
	a) Welfare Fund / Trust	38,000	0.25%
	b) HUF	1,66,215	1.11%
	c) Clearing members	3,407	0.02%
	d) NBFC registered with RBI	34,710	0.23%
	e) IEPF	1,07,800	0.72%
	<b>Sub Total</b>	<b>82,29,127</b>	<b>54.86%</b>
	<b>Grand Total</b>	<b>1,50,00,000</b>	<b>100.00%</b>

59<sup>th</sup>  
Annual Report  
2017-2018

Distribution of Shareholding as on 31 <sup>st</sup> March 2018				
Category	No. of Holders	%	No. of Shares	%
Upto 100 shares	832	21.36	46,413	0.31
101-200	560	14.38	1,06,943	0.71
201-500	1,648	42.31	6,50,687	4.34
501-1000	299	7.68	2,44,857	1.63
1001-5000	346	8.88	7,96,851	5.31
5001-10000	75	1.93	5,41,719	3.61
10001-100000	105	2.70	33,97,841	22.65
100001 and Above	30	0.77	92,14,689	61.43
<b>TOTAL</b>	<b>3,895</b>	<b>100.00</b>	<b>1,50,00,000</b>	<b>100.00</b>

- Dematerialisation of Shares and Liquidity  
Company has entered into tripartite agreement with National Securities Depository Ltd (NSDL) & Central Depository Services (India) Ltd (CDSL). As per Stock Exchanges intimation, trading in shares of our Company is compulsory in demat form from 2<sup>nd</sup> January, 2002.  
As on 31.03.2018, 2746 shareholders are holding shares in demat form and 1,13,69,170 shares have been dematerialized, representing 75.80% of the total equity capital.
- Outstanding GDRs/ADRs/Warrants Or any Convertible instruments  
Not issued
- Plant Locations  
Chikkayanachatra, Nanjangud-571 302  
Thandavapura, Nanjangud - 571 302  
Karnataka State, INDIA
- Address for Correspondence  
Our Registrars & Transfer Agents  
**Karvy Computershare Pvt Ltd**  
**Karvy Selenium Tower B**  
**Plot No. 31 & 32**  
**Gachibowli Financial District, Nanakramguda**  
**Serilingampally, Hyderabad - 500 032**  
**Telangana**  
Tel : (040) 6716 2222  
E-mail : mailmanager@karvy.com  
**Registered Office of Company**  
Chikkayanachatra, Nanjangud-571 302  
Karnataka State, INDIA  
Tel: (08221) 228265, 228266, 228267  
Fax : (08221) 228270  
Website : www.sipaper.com  
E-mail : corporate@sipaper.com  
investor@sipaper.com  
(for investor grievance redressal)

**Declaration on Code of Conduct :** As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board Members and the Senior Management Executives/ Personnel have confirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2018.

For and on behalf of the Board

Place : Bengaluru

Dated : 24<sup>th</sup> May, 2018

**Manish M Patel**  
Chairman & Managing Director

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## **AUDITORS CERTIFICATE ON COMPLIANCE OF THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE**

To the Members of  
**The South India Paper Mills Limited**  
Nanjangud

We have examined the compliance of conditions of Corporate Governance by **The South India Paper Mills Limited**, Nanjangud (“Company”) for the year ended March 31, 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 [“SEBI (LODR) Regulations”].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations hereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above-mentioned SEBI (LODR) Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **Murthy Swamy & Associates LLP**  
Chartered Accountants  
Firm’s Regn. No.: S200065

**M D Venkatesha Murthy**  
Partner  
Membership No.: 209189

Place : Bengaluru

Date : 24<sup>th</sup> May, 2018

59<sup>th</sup>  
Annual Report  
2017-2018

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018**  
**[pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the**  
**Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
**The South India Paper Mills Limited,**  
CIN L85110KA1959PLC001352  
Chikkayana Chatra  
Nanjangud – 571 302

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The South India Paper Mills Limited** (hereinafter referred to as “Company”). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts, statutory compliance and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and furnished to us and also the representations made and information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 (“Audit Period”), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced to me for my verification, for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [Not applicable since there were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the Audit Period];
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”): -
  - a) The Securities and Exchange board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not applicable as the Company has not issued any further share capital during the Audit period];
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [Not applicable since there are no Employee Stock Option Scheme, Employee Stock Purchase Scheme, General Employee Benefit Scheme, stock appreciation rights scheme during the Audit Period];
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable since there was no debt securities issued during the Audit Period];
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009 [Not applicable since there was no delisting of equity shares during the Audit Period]; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable since there was no Buyback of securities during the Audit Period];

- (vi) The Management has identified the following laws as specifically applicable to the Company:
- (a) The Electricity Act, 2003
  - (b) National Tariff Policy
  - (c) Paper and Paper Board Cess Rules, 1981

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the Audit Period, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines mentioned above.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in composition of the Board of Directors during the Audit Period.

According to the information and explanations given to me and based on my examination of the records of the Company, the Company has paid/provided for managerial remuneration as approved by the Nomination and Remuneration Committee and the Board of Directors pending approval of the shareholders as mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Majority decisions were carried through and no dissenting views were expressed by the members as per the minutes recorded and produced to us for my verification.

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

**I further report that** during the Audit period there were no instances of any specific events or actions having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., referred to above.

Mysuru  
24<sup>th</sup> May, 2018

**CS Hitaish Kumar S N**  
FCS No.6564  
C P No.:6553

Note: This report has to be read along with the Annexure which forms an integral part of this report.

Annexure to Secretarial Audit Report for the Financial Year Ended 31<sup>st</sup> March 2018 of **The South India Paper Mills Limited**

1. It is the responsibility of the Management of the Company to maintain secretarial records, devise proper systems and processes to ensure the compliance of the various statutory requirements and Governance systems and to ensure that the systems and processes devised are operating effectively. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. I believe that audit evidence and information obtained from the Company's Management provide reasonable basis for my opinion. The verification was done on test basis to ensure correctness of facts reflected in the records.
4. I have obtained the Management representation about the Compliance of Laws, Rules and Regulations and occurrence of events, wherever required.
5. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Mysuru  
24<sup>th</sup> May, 2018

**CS Hitaish Kumar S N**  
FCS No.6564  
C P No.:6553

59<sup>th</sup>  
Annual Report  
2017-2018

**INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL  
STATEMENT OF THE SOUTH INDIA PAPER MILLS LIMITED**

**To the Members of  
THE SOUTH INDIA PAPER MILLS LIMITED  
NANJANGUD**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying Standalone Ind AS Financial Statements of **THE SOUTH INDIA PAPER MILLS LIMITED ("the Company")** which comprises of the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Ind AS 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 Standalone Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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, of the state of affairs of



the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other Matters**

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated May 25<sup>th</sup>, 2017 and May 26<sup>th</sup>, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "**Annexure 1**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. we have sought and 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 it appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account; Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid Stand alone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e. On the basis of written representations received from the Directors as on March 31, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure 2**".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 35 to the Standalone Ind AS Financial Statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **Murthy Swamy & Associates LLP**

Chartered Accountants  
Firm's Regn. No.: S200065

**M D Venkatesha Murthy**  
Partner

Membership No.: 209189

Place : Bengaluru

Date : 24<sup>th</sup> May, 2018

59<sup>th</sup>  
Annual Report  
2017-2018

**“ANNEXURE 1” TO THE INDEPENDENT AUDITORS’ REPORT**

Annexure 1 referred to in clause 1 of paragraph on the ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Standalone Ind AS Financial Statements of the Company for the year ended March 31, 2018:

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) According to the practice of the Company, fixed assets are physically verified by the management at reasonable intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has confirmed that no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and the discrepancies noticed were not material.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, investments or provided guarantees and security for which the provisions of Section 185 and 186 of the Act are applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits for which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are applicable.
- (vi) We have broadly reviewed the cost accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate.
- (vii) According to the records of the Company:
  - (a) the Company is generally regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities

- (b) On the basis of our examination of the documents and records, disputed statutory dues to the extent which have not been deposited with the appropriate authorities are as under:

Statute	Nature of the Dues	Amount in dispute not acknowledged ₹	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944 / CENVAT Credit Rules, 2004	Excise Duty	8,15,339	2008-09	CESTAT, Bangalore
	Penalty	50,000		

Except dues stated in the above para, there are no other dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.

- (viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to the bank as at Balance Sheet date.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans raised during the year have been applied for the purpose for which they were obtained.
- (x) According to the information and explanations given to us by the management, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration pending approval of shareholders in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act 1934.

for **Murthy Swamy & Associates LLP**

Chartered Accountants  
Firm's Regn. No.: S200065

**M D Venkatesha Murthy**  
Partner

Membership No.: 209189

Place : Bengaluru

Date : 24<sup>th</sup> May, 2018

# 59<sup>th</sup> Annual Report 2017-2018

## “ANNEXURE 2” TO THE INDEPENDENT AUDITORS’ REPORT

Annexure 2 referred to in “clause f of paragraph 2” on the ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Standalone Ind AS Financial Statements of the Company for the year ended March 31, 2018:

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“theAct”)**

We have audited the internal financial controls over financial reporting of **THE SOUTH INDIA PAPER MILLS LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Murthy Swamy & Associates LLP**

Chartered Accountants

Firm's Regn. No.: S200065

**M D Venkatesha Murthy**

Partner

Membership No.: 209189

Place : Bengaluru

Date : 24<sup>th</sup> May, 2018

59<sup>th</sup>  
Annual Report  
2017-2018

THE SOUTH INDIA PAPER MILLS LIMITED  
BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2018

Particulars	Notes	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	As at 01.04.2016 ₹ in Lakhs
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	13,002.92	13,608.35	11,429.88
Capital work in progress		1,482.59	1,094.62	1,593.61
Intangible assets	3	4.12	7.78	11.59
Other Non-Current Assets	4	530.87	933.32	901.27
		<b>15,020.50</b>	<b>15,644.07</b>	<b>13,936.35</b>
<b>Current assets</b>				
Inventories	5	3,507.94	2,755.53	2,733.48
Financial assets				
Trade receivables	6	3,826.61	3,011.75	3,619.49
Cash and cash equivalents	7	48.83	115.29	58.68
Other bank balances	8	184.97	335.08	328.50
Other Financial Assets	9	15.08	24.50	24.24
Other Current Assets	10	888.54	1,163.51	892.36
		<b>8,471.97</b>	<b>7,405.66</b>	<b>7,656.75</b>
	<b>TOTAL ASSETS</b>	<b>23,492.47</b>	<b>23,049.73</b>	<b>21,593.10</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	11	1,500.00	1,500.00	1,500.00
Other equity	12	12,469.40	12,630.88	11,911.09
	<b>TOTAL EQUITY</b>	<b>13,969.40</b>	<b>14,130.88</b>	<b>13,411.09</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	13	3,563.97	2,996.57	1,431.88
Other Financial Liabilities	14	167.99	155.49	155.49
Provisions	15	24.31	21.96	13.96
Deferred tax liabilities (net)	16	1,525.82	1,549.06	1,294.06
Other non-current liabilities	17	-	200.82	488.15
		<b>5,282.09</b>	<b>4,923.90</b>	<b>3,383.54</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	18	1,168.79	1,369.01	1,452.01
Trade payables	19	1,750.52	1,523.32	1,826.45
Other Financial Liabilities	20	926.58	605.13	959.76
Other current liabilities	21	142.33	133.07	307.61
Provisions	22	252.76	364.42	252.64
		<b>4,240.98</b>	<b>3,994.95</b>	<b>4,798.47</b>
	<b>TOTAL LIABILITIES</b>	<b>9,523.07</b>	<b>8,918.85</b>	<b>8,182.01</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,492.47</b>	<b>23,049.73</b>	<b>21,593.10</b>

Summary of significant accounting policies & key accounting estimates & judgements 1 & 2  
The accompanying notes are an integral part of the financial statements.

**MANISH M. PATEL**  
Managing Director

**M.G. MOHAN KUMAR**  
Director

As per our report of even date  
for **Murthy Swamy & Associates LLP**  
Chartered Accountants  
Firm's Regn. No.: S200065

**B. RAVI HOLLA**  
Chief Financial Officer

**VIDYA BHAT**  
Company Secretary

**M D Venkatesha Murthy**  
Partner  
Membership No.: 209189

Place : Bengaluru  
Date : 24<sup>th</sup> May, 2018

**THE SOUTH INDIA PAPER MILLS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2018**

Particulars	Notes	Year ended 31.03.2018 ₹ in Lakhs	Year ended 31.03.2017 ₹ in Lakhs
<b>Income</b>			
Revenue from Operations	23	13,467.06	20,687.91
Other income	24	194.19	111.58
<b>Total Income</b>		<b>13,661.25</b>	<b>20,799.49</b>
<b>Expenses</b>			
Cost of raw materials consumed	25	6,557.38	9,055.50
Purchases of Stock in Trade		32.98	-
(Increase) / Decrease in inventories	26	(88.40)	140.86
Excise duty on sale of goods		0.61	1,160.77
Employee benefits expense	27	1,543.96	1,918.97
Depreciation and amortisation expense	3	878.81	951.17
Finance costs	28	477.70	388.43
Other expenses	29	4,177.61	5,364.21
<b>Total Expense</b>		<b>13,580.65</b>	<b>18,979.91</b>
<b>Profit before tax</b>		<b>80.60</b>	<b>1,819.58</b>
<b>Tax expenses</b>			
Current tax		16.00	410.00
Tax expenses relating to prior years		-	(5.99)
Deferred tax (incl. MAT Credit entitlement)		(30.68)	220.10
<b>Total tax expenses</b>		<b>(14.68)</b>	<b>624.11</b>
<b>Profit for the year</b>		<b>95.28</b>	<b>1,195.47</b>
<b>Other comprehensive income/ (loss) (OCI)</b>			
Income/ (loss) that will not be reclassified to profit or loss :			
Re-measurement gains/ (losses) on defined benefit plans		21.49	100.82
Less: Income tax effect on above		7.44	34.89
<b>Other comprehensive income/ (loss) for the year, net of tax</b>		<b>14.05</b>	<b>65.93</b>
<b>Total comprehensive income/ (loss) for the year</b>		<b>109.33</b>	<b>1,261.40</b>
<b>Earnings per equity share (EPS)</b>			
Basic & Diluted EPS in Rupees	30	₹ 0.64	₹ 7.97

Summary of significant accounting policies & key accounting estimates & judgements 1 & 2.  
The accompanying notes are an integral part of the financial statements.

**MANISH M. PATEL**  
Managing Director

**M.G. MOHAN KUMAR**  
Director

As per our report of even date  
for **Murthy Swamy & Associates LLP**  
Chartered Accountants  
Firm's Regn. No.: S200065

**B. RAVI HOLLA**  
Chief Financial Officer

**VIDYA BHAT**  
Company Secretary

**M D Venkatesha Murthy**  
Partner  
Membership No.: 209189

Place : Bengaluru  
Date : 24<sup>th</sup> May, 2018

# 59<sup>th</sup> Annual Report 2017-18

## CORPORATE INFORMATION

The South India Paper Mills Ltd is a public limited Company, incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the manufacture of Paper, Paperboards, Cartons and Power Generation. Corporate Identity No. (CIN) of the Company is L85110KA1959PLC001352. Equity Shares of the Company are listed on the BSE (Bombay Stock Exchange) in India.

## SIGNIFICANT ACCOUNTING POLICIES & KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

### NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation

##### a) Statement of Compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair values at the end of each reporting period, as explained in the accounting policies. The financial statements are prepared on a 'going concern' basis under accrual method except for the cash flow information.

##### b) Classification of Assets and Liabilities as Current and Non-Current:

All Assets and Liabilities have been classified as Current or Non-Current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realisation in cash and cash equivalent, the Company has determined its operating cycle as twelve months for the purpose of Current and Non-Current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### c) Functional and Presentation Currency:

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest two decimal of lakhs (₹00,000), except when otherwise indicated.

#### 1.2 First-time adoption of Ind AS

Company has prepared the financial statements under Ind AS for the first time for the year ending 31<sup>st</sup> March 2018. The date of transition to Ind AS is 01.04.2016.

For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with generally accepted accounting principle in India (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017. For the purpose, the Company prepared the opening balance sheet as of April 1, 2016 (the transition date), as per Ind AS. Company has applied the Standards only to items / transactions which are material.

#### 1.3 Property, plant and equipment (PPE)

The Company has elected to continue with the carrying value for all of its PPE as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 01, 2016.



PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost of PPE includes interest on borrowings attributable to acquisition of qualifying PPE up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost is net of input tax credit availed. The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item. Subsequent expenditure relating to PPE is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. All other costs are recognised in the statement of Profit and Loss as and when incurred as repairs and maintenance. Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest (if any). Advances given towards acquisition of PPE outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets. An item of PPE is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising on derecognition of the asset is included in the statement of profit and loss when the asset is derecognised.

**1.4 Intangible Assets**

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on an intangible asset after its purchase or completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of asset.

**1.5 Depreciation and amortization of property, plant and equipment and intangible assets**

Depreciation is provided on straight line method based on the following useful lives / residual values as prescribed in Part C of Schedule II of the Companies Act, 2013. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year. Extra Shift Depreciation has been charged, where applicable.

Nature of Asset	Useful Life	Residual Value
<b>Tangible Assets :</b>		
Buildings	30 to 60 Years	Nil to 5%
Roads	5 to 10 Years	Nil to 5%
Power Generation Plant	40 years	5%
Plant & Machinery	5 to 25 Years	Nil to 5%
Furniture & Fixtures	10 Years	Nil
Vehicles – Motor Cars	8 Years	5%
Computers – Servers & Networks	6 Years	Nil
– End user devices	3 Years	Nil
Office Equipment	5 Years	Nil
<b>Intangible Assets :</b>		
Software – Note 1	6 Years	Nil

Note 1: Intangible Asset – Software is amortized over 6 years, based on management’s estimate of useful life.

# 59<sup>th</sup> Annual Report 2017-18

Consideration is given at each balance sheet date to determine whether there is any indication of an impairment to a tangible / intangible asset. If any indication exists, an asset's recoverable amount is estimated. An asset is treated as impaired when the carrying amount of asset exceeds its recoverable value. The impairment loss is charged to statement of profit and loss in the year in which an asset is identified as impaired.

## **1.6 Inventories**

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. However, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is determined on a weighted average basis. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

Work-in-progress and finished goods include an appropriate proportion of freight, overheads, direct costs and excise duty (where applicable).

## **1.7 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## **1.8 Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contract that gives rise to financial assets and financial liabilities. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### **a) Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **b) Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **c) Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in statement of profit and loss.

**De-recognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

**Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Reclassification of Financial Instruments**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

**Offsetting of Financial Instruments**

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**1.9 Fair value of financial instruments**

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described hereunder:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

# 59<sup>th</sup> Annual Report 2017-18

## 1.10 Provisions and Contingencies

### a) Provisions:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

### b) Contingencies:

Claims against the Company not acknowledged as debts are treated as Contingent Liabilities. Provision in respect of contingent liabilities if any, is made when it is probable that a liability may be incurred and the amount can be reasonably estimated. Show cause notices issued by various Government authorities are not considered as contingent liabilities. However, when the demands are raised against such show cause notices after considering the Company's views, these demands are either paid or treated as liabilities, if accepted by the company, and are treated as contingent liability, if disputed by the Company. Contingent liabilities are disclosed by way of a note. Contingent assets are not recognised but are disclosed in notes.

## 1.11 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for supply of goods or services net of returns, discounts, rebates and allowances.

### a) Sale of Goods:

Sales of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the despatch of goods to customers. Sales include excise duty (where applicable), but exclude GST and Value Added Tax. Income from sale of electricity is recognized as and when electricity is generated and supplied to the grid.

### b) Dividend Income and Interest Income:

Dividend income is accounted for when the right to receive it is established. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis.

### c) Insurance claims:

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

## 1.12 Foreign Currency Transactions and Translations

Foreign exchange transactions are recorded at the rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary items denominated in foreign currencies as at the Balance Sheet date are translated at the exchange rates on that date; the resultant exchange differences are recognised in the Statement of Profit and Loss as income or expense.

Non-monetary items are recorded at the rate prevailing on the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Premium / discount on forward exchange contracts if any are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

### **1.13 Employee benefits**

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

#### **a) Defined contribution plans:**

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

#### **b) Defined benefit plans:**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

#### **c) Others:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Re-measurements of the net defined benefit liability / (asset) comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability, based on actuarial valuation made by an independent actuary, at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

### **1.14 Borrowing cost**

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily takes a substantial period of time to get ready for their intended use are capitalised. Borrowing costs on general borrowings are determined using a capitalisation rate which is computed as the weighted average of

# 59<sup>th</sup> Annual Report 2017-18

the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are accounted as an expense in the period in which they are incurred.

## **1.15 Leases**

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in net profit in the Statement of Profit & Loss over lease term.

## **1.16 Taxes on income**

### **a) Current Tax:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961 and at the rates enacted by the statute on the Balance Sheet date. Assets and liabilities representing current tax are disclosed on a net basis where there is a legally enforceable right to set off and where the Management intends to settle the asset and liability on a net basis.

### **b) Deferred Tax:**

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

## **1.17 Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

## **1.18 Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## **1.19 Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate

financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

### **1.20 Cash dividend to equity shareholders of the Company**

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company’s Board of Directors.

### **1.21 Standards issued but not yet effective**

The standards issued, but not yet effective up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards as and when they become effective.

#### **a) Ind AS 115 - Revenue from Contracts with Customers:**

Ind AS 115 introduces a five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The standard is notified on 28.03.2018 and it is applicable for the accounting periods commencing on or after 01.04.2018. Accordingly, this Standard is not applicable for preparation of the financial statements for the year ended 31.03.2018. However, application of this standard from 01.04.2018 does not have any impact in the revenue recognition and measurement for the Company.

#### **b) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration:**

The Appendix clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The Appendix is effective for accounting periods beginning on or after 1 April 2018. The Company does not anticipate that the application of the new standard in future will have significant impact on the financial statement.

## **NOTE 2 : KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company’s financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses for the year. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

# 59<sup>th</sup> Annual Report 2017-18

Key source of estimation of uncertainty as at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of the following:

**a) Defined benefit plans (gratuity benefits):**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**b) Useful life of Property, Plant and Equipments:**

The Company reviews the estimated useful lives of Property, Plant and Equipment and intangible assets at the end of each reporting period. During the current year, there has been no change in useful life considered for the assets.

**c) Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**d) Estimation of current tax expense and payable:**

The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes and tax credits including the amount expected to be paid or refunded.



**Notes to financial statements for the year ended March 31, 2018**

₹ in Lakhs

**NOTE 3**

**PROPERTY, PLANT AND EQUIPMENT | INTANGIBLE ASSETS**

	Land	Building	Plant & Machinery	Furniture & Fixtures	Office Equipment	Computers	Vehicles	Total Tangible Assets	Intangible Assets Software	Total Assets
<b>Cost</b>										
<b>At April 1, 2016</b>	145.95	2,465.02	15,868.14	92.70	49.33	108.71	198.63	18,928.48	45.27	18,973.75
Additions	2.79	119.23	2,980.47	3.57	0.39	3.30	16.08	3,125.83	-	3,125.83
Disposals	-	-	-	-	1.06	0.76	-	1.82	-	1.82
<b>At March 31, 2017</b>	148.74	2,584.25	18,848.61	96.27	48.66	111.25	214.71	22,052.49	45.27	22,097.76
Additions	174.55	193.71	111.71	0.04	0.05	0.78	-	480.84	-	480.84
Disposals	-	-	753.98	-	-	-	19.05	773.03	-	773.03
<b>At March 31, 2018</b>	323.29	2,777.96	18,206.34	96.31	48.71	112.03	195.66	21,760.30	45.27	21,805.57
<b>Depreciation</b>										
<b>At April 1, 2016</b>	-	594.34	6,580.25	61.88	45.06	98.58	118.49	7,498.60	33.68	7,532.28
Charge for the year	-	98.41	813.67	8.38	3.04	5.26	18.60	947.36	3.81	951.17
Disposals	-	-	-	-	1.06	0.76	-	1.82	-	1.82
<b>At March 31, 2017</b>	-	692.75	7,393.92	70.26	47.04	103.08	137.09	8,444.14	37.49	8,481.63
Charge for the year	-	104.66	740.61	6.84	0.74	5.06	17.24	875.15	3.66	878.81
Disposals	-	-	542.87	-	-	-	19.04	561.91	-	561.91
<b>At March 31, 2018</b>	-	797.41	7,591.66	77.10	47.78	108.14	135.29	8,757.38	41.15	8,798.53
<b>Net book value</b>										
<b>At April 1, 2016</b>	145.95	1,870.68	9,287.89	30.82	4.27	10.13	80.14	11,429.88	11.59	11,441.47
<b>At March 31, 2017</b>	148.74	1,891.50	11,454.69	26.01	1.62	8.17	77.62	13,608.35	7.78	13,616.13
<b>At March 31, 2018</b>	323.29	1,980.55	10,614.68	19.21	0.93	3.89	60.37	13,002.92	4.12	13,007.04

**Note:** The Company has elected to avail exemption under Ind AS 101 to use previous GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the financial statements prepared in accordance with the previous GAAP.

59<sup>th</sup>  
Annual Report  
2017-18

Notes to financial statements for the year ended March 31, 2018

	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	As at 01.04.2016 ₹ in Lakhs
<b>NON CURRENT ASSETS</b>			
<b>Note 4 : Non Current - Other Assets</b>			
<i>Unsecured, considered good</i>			
Capital advances	465.83	855.46	822.50
Security deposits	58.00	71.73	71.72
Prepaid Expenses	7.04	6.13	7.05
	<b>530.87</b>	<b>933.32</b>	<b>901.27</b>
<b>CURRENT ASSETS</b>			
<b>Note 5: Inventories</b>			
Raw material	1,754.96	1,456.56	1,518.30
Raw material - in transit	199.39	231.16	35.87
Adhesives, Inks, Consumables & Stores	712.82	623.18	572.72
Fuel	477.04	169.30	190.40
Work In Process	47.18	58.94	40.59
Finished goods	316.55	216.39	375.60
	<b>3,507.94</b>	<b>2,755.53</b>	<b>2,733.48</b>
<b>Note 6: Trade receivables</b>			
<i>Secured and Considered Good</i>			
Above Six Months	-	-	-
Below Six Months	148.14	148.14	-
<i>Unsecured &amp; Considered Good</i>			
Above Six Months	26.67	38.32	50.40
Below Six Months	3,651.80	2,825.29	3,569.09
	<b>3,826.61</b>	<b>3,011.75</b>	<b>3,619.49</b>
No trade or other receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.			
<b>Note 7: Cash and cash equivalents</b>			
Cash on hand	3.99	2.86	3.04
Balances with banks:	-	-	-
Current accounts	44.84	112.43	55.64
	<b>48.83</b>	<b>115.29</b>	<b>58.68</b>
<b>Note 8: Other bank balances</b>			
Unpaid dividend account	45.54	50.08	43.50
In deposit account- Under lien for L/c & BG	139.43	285.00	285.00
	<b>184.97</b>	<b>335.08</b>	<b>328.50</b>

**Notes to financial statements for the year ended March 31, 2018**

	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	As at 01.04.2016 ₹ in Lakhs
<b>Note 9: Other Financial Assets</b>			
Loans to employees - Unsecured, considered good	13.85	20.69	12.44
Interest Receivable	1.23	3.81	4.20
Insurance Claim Receivable	-	-	7.60
	<b>15.08</b>	<b>24.50</b>	<b>24.24</b>

<b>Note 10: Other Current Assets</b>			
Advance to suppliers	338.04	402.53	138.89
Receivable towards sale of Capital Goods	145.16	-	-
Current Tax Asset - Tax Refund Receivable	75.11	74.09	-
Prepaid expenses	69.22	44.00	57.59
Gratuity Asset account	56.87	49.22	13.87
Balance with statutory/ government authorities	204.14	593.67	682.01
	<b>888.54</b>	<b>1,163.51</b>	<b>892.36</b>

**NOTE 11 : SHARE CAPITAL**

**Authorised share capital**

**Equity share capital of Rs. 10 each with voting rights**

2,00,00,000 [(March 31, 2017: 2,00,00,000)

(April 01, 2016: 2,00,00,000)] equity shares

2,000.00	2,000.00	2,000.00
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**Issued equity capital**

**Equity share of Rs. 10 each issued, subscribed and fully paid**

1,50,00,000 [(March 31, 2017: 1,50,00,000)

(April 01, 2016: 1,50,00,000)] equity shares

1,500.00	1,500.00	1,500.00
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**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares with voting rights	March 31, 2018		March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Equity shares		₹in Lakhs		₹in Lakhs
At the commencement of the year	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Add: shares issued	-	-	-	-
<b>At the end of the year</b>	<b>1,50,00,000</b>	<b>1,500.00</b>	<b>1,50,00,000</b>	<b>1,500.00</b>

**(b) Details of shares held by each shareholder holding more than 5% shares in the Company:**

Class of shares / Name of shareholder	March 31, 2018		March 31, 2017		April 01, 2016	
	Number of shares	%'age	Number of shares	%'age	Number of shares	%'age
Equity shares with voting rights						
Mr. Anil Kumar Goel	9,00,000	6.00%	9,00,000	6.00%	9,00,000	6.00%

59<sup>th</sup>  
Annual Report  
2017-18

Notes to financial statements for the year ended March 31, 2018

(c) **Right, preferences and restrictions attached to shares**

The Company has issued only one class of equity share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

**NOTE 12 : OTHER EQUITY**

	₹in Lakhs	₹in Lakhs	₹in Lakhs	₹in Lakhs
	Reserve & Surplus		Other Comprehensive Income	Total
	General Reserves	Retained earnings	Re-measurement of the net Defined Benefit Plans	
<b>Balance as at March 31, 2016</b>	834.60	10,915.49	-	11,750.09
Add: Prior Period MAT Credit entitlement ##	-	161.00	-	161.00
<b>Balance as at April 1, 2016</b>	834.60	11,076.49	-	11,911.09
Transfers during the year	-	-	-	-
Profit for the year	-	1,195.47	-	1,195.47
Other comprehensive income / (loss)	-	-	65.93	65.93
Dividend including Dividend Distribution Tax	-	(541.61)	-	(541.61)
<b>Balance as at March 31, 2017</b>	834.60	11,730.35	65.93	12,630.88
<b>Balance as at April 1, 2017</b>	834.60	11,730.35	65.93	12,630.88
Transfers during the year	-	-	-	-
Profit for the year	-	95.28	-	95.28
Other comprehensive income / (loss)	-	-	14.05	14.05
Dividend including Dividend Distribution Tax	-	(270.81)	-	(270.81)
<b>Balance as at March 31, 2018</b>	834.60	11,554.82	79.98	12,469.40

##Represents MAT Credit entitlement not considered in prior years - regrouped as required under Ind AS 8

**Notes to financial statements for the year ended March 31, 2018**

	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	As at 01.04.2016 ₹ in Lakhs
<b>NON CURRENT LIABILITIES</b>			
<b>NOTE 13 : NON CURRENT - FINANCIAL LIABILITIES - BORROWINGS</b>			
Secured Borrowings			
Term Loans-From Banks			
Term Loan from Vijaya Bank (SL 124)	921.57	1,000.00	656.88
Less : Installments due during the next 12 months	(117.65)	(78.43)	-
	803.92	921.57	656.88
Term Loan from Vijaya Bank (SL 88)	675.00	775.00	875.00
Less : Installments due during the next 12 months	(100.00)	(100.00)	(100.00)
	575.00	675.00	775.00
Term Loan from Vijaya Bank (SL 131)	600.00	400.00	-
Less : Installments due during the next 12 months	(94.12)	-	-
	505.88	400.00	-
Term Loan from IDBI Bank Ltd	1,929.17	1,000.00	-
Less : Installments due during the next 12 months	(250.00)	-	-
	1,679.17	1,000.00	-
	<b>3,563.97</b>	<b>2,996.57</b>	<b>1,431.88</b>

**Security for Term Loans :**

Term Loans are secured by first charge on pari-passu basis by hypothecation of entire plant and machinery and by way of deposit of title deeds of land measuring 11.36 acres & 21.26 acres at Thandavapura & Chikkayyanna Chatra, Nanjangud Taluk in Mysore District and building situated thereon.

Terms of Borrowal & Repayment of Term Loans :	V Bk SL 124	V Bk SL 88
Date of Borrowal - first drawal	12 Feb 2016	20 Dec 2014
Date of Maturity	12 Jan 2026	20 Dec 2024
Monthly Installment Amount	₹9,80,400/-	₹8,33,334/-
No. of Installments due after Balance Sheet Date	94 installments w.e.f. 12/08/2017	81 installments w.e.f. 20/01/2015
	V Bk SL 131	IDBI Bk TL
Date of Borrowal - first drawal	04 Oct 2016	25 Nov 2016
Date of Maturity	04 Sep 2026	20 Dec 2024
Monthly Installment Amount	₹7,84,314/-	₹20,83,333/-
No. of Installments due after Balance Sheet Date	102 installments w.e.f. 04/04/2018	96 installments w.e.f. 01/04/2018

59<sup>th</sup>  
Annual Report  
2017-18

Notes to financial statements for the year ended March 31, 2018

	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	As at 01.04.2016 ₹ in Lakhs
<b>NOTE 14 : NON CURRENT - FINANCIAL LIABILITIES - OTHERS</b>			
Deposits			
Deposits from Agents	155.49	135.49	135.49
Deposit from Others	12.50	20.00	20.00
	<b>167.99</b>	<b>155.49</b>	<b>155.49</b>
<b>NOTE 15 : NON CURRENT LIABILITIES - PROVISIONS</b>			
Provision for Compensated Absences	24.31	21.96	13.96
	<b>24.31</b>	<b>21.96</b>	<b>13.96</b>
<b>NOTE 16 : NON CURRENT - DEFERRED TAX LIABILITY (NET)</b>			
Deferred Tax Liabilities on -			
Impact of difference between Book Depn. and Tax Depn.	2,453.19	2,352.48	1,535.88
Deferred Tax Assets on -			
Eligible Tax Losses	(338.60)	(229.32)	-
Expenses / Provisions disallowed for Tax Purposes	10.77	9.44	(68.28)
	<b>2,125.36</b>	<b>2,132.60</b>	<b>1,467.60</b>
Less : MAT Credit Entitlement	599.54	583.54	173.54
	<b>1,525.82</b>	<b>1,549.06</b>	<b>1,294.06</b>
<b>Note 17 : Non Current Liability - Others</b>			
Liability for Capital Goods and Capital Expenses	-	200.82	488.15
	<b>-</b>	<b>200.82</b>	<b>488.15</b>
<b>CURRENT LIABILITIES</b>			
<b>NOTE 18 : CURRENT - FINANCIAL LIABILITIES - BORROWINGS</b>			
Secured Borrowings			
Loans repayable on Demand - from Banks :			
Working Capital Loan from Vijaya Bank (Secured by pari-passu first charge on current assets (mainly inventories & book debts) and pari-passu second charge on fixed assets)	745.69	895.73	952.01
Working Capital Loan from IDBI Bank Ltd (Secured by pari-passu first charge on current assets (mainly inventories & book debts) and pari-passu second charge on fixed assets)	423.10	473.28	500.00
	<b>1,168.79</b>	<b>1,369.01</b>	<b>1,452.01</b>

**Notes to financial statements for the year ended March 31, 2018**

	As at 31.03.2018 ₹ in Lakhs	As at 31.03.2017 ₹ in Lakhs	As at 01.04.2016 ₹ in Lakhs
<b>NOTE 19 : CURRENT - FINANCIAL LIABILITIES - TRADE PAYABLES</b>			
Trade payables (including acceptances)			
Total outstanding dues of micro enterprises and small enterprises*	-	0.11	0.41
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,750.52	1,523.21	1,826.04
	<b>1,750.52</b>	<b>1,523.32</b>	<b>1,826.45</b>

**\* Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

The Company has disclosed the amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2018, March 31, 2017 and April 01, 2016 based on the information received and available with the Company. In the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the said Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the Balance Sheet date.

**NOTE 20 : CURRENT - FINANCIAL LIABILITIES - OTHERS**

Current maturities of long term debt	561.77	178.43	100.00
Liability for Capital Goods and Capital Expenses	309.43	365.78	799.34
Interest Accrued but not Due on Trade deposits	9.84	10.84	16.92
Unclaimed dividends	45.54	50.08	43.50
Others	-	-	-
	<b>926.58</b>	<b>605.13</b>	<b>959.76</b>

**NOTE 21 : CURRENT LIABILITIES - OTHERS**

Advance from Customers	12.82	7.23	16.63
Miscellaneous Liabilities	4.39	3.38	10.30
Other Payables -	-	-	-
VAT / CST Payable	-	40.83	10.32
GST / Excise Duty Payable	40.45	14.80	27.17
Tax Deducted at Source	10.99	10.72	29.00
Electricity Tax Payable	3.15	1.87	3.09
Current Tax Liabilities	11.92	-	62.75
Other Expenses Payable	58.61	54.24	148.35
	<b>142.33</b>	<b>133.07</b>	<b>307.61</b>

**NOTE 22 : CURRENT LIABILITIES - PROVISIONS**

Provision for employee benefits -			
provision for bonus	103.25	126.46	125.28
provision for salary, wages and other benefits	117.54	207.73	93.17
provision for contribution to PF / ESI etc.,	16.61	13.42	14.56
provision for other employee benefits	15.36	16.81	19.63
	<b>252.76</b>	<b>364.42</b>	<b>252.64</b>

59<sup>th</sup>  
Annual Report  
2017-18

Notes to financial statements for the year ended March 31, 2018

	2017 - 18 ₹ in Lakhs	2016 - 17 ₹ in Lakhs
<b>NOTE 23 : REVENUE FROM OPERATIONS</b>		
<b>A. Gross Sales -</b>		
Sale of Products	12,815.29	20,314.59
Sale of Power	633.62	358.59
	<b>13,448.91</b>	<b>20,673.18</b>
<b>B. Other Operating Revenues</b>	18.15	14.73
	<b>13,467.06</b>	<b>20,687.91</b>
<b>NOTE 24 : OTHER INCOME</b>		
Interest Income	39.95	57.92
Exchange rate difference	-	50.82
Income tax refund	-	2.70
Profit on sale of assets	154.18	-
Other non-operating income	0.06	0.14
	<b>194.19</b>	<b>111.58</b>
<b>NOTE 25 : COST OF MATERIAL CONSUMED</b>		
Raw materials Consumption:		
Waste Paper / Kraft Paper	5,905.53	7,849.93
Others (each less than 10%)	651.85	1,205.57
	<b>6,557.38</b>	<b>9,055.50</b>
<b>NOTE 26 : (INCREASE) / DECREASE IN INVENTORIES</b>		
<b>Opening Stock of -</b>		
Finished Goods	216.39	375.60
Work-in Progress	58.94	40.59
	<b>275.33</b>	<b>416.19</b>
<b>Closing Stock of -</b>		
Finished Goods	316.55	216.39
Work-in Progress	47.18	58.94
	<b>363.73</b>	<b>275.33</b>
(Increase) / Decrease in Inventory	<b>(88.40)</b>	<b>140.86</b>
<b>NOTE 27 : EMPLOYEE BENEFITS EXPENSES</b>		
<b>Salaries and Wages -</b>		
Salaries & Bonus to Staff	584.61	587.07
Wages & Bonus to Workers	631.49	911.16
Director Remuneration, Commission & benefits	102.39	104.83
	-	-



**Notes to financial statements for the year ended March 31, 2018**

	<b>2017 - 18</b>	<b>2016 - 17</b>
	<b>₹ in Lakhs</b>	<b>₹ in Lakhs</b>
<b>Contribution to Provident and Other Funds -</b>		
Provident Fund	67.41	76.17
Superannuation Fund	0.84	0.84
Gratuity Cost	39.52	82.63
<b>Staff Welfare Expenses -</b>		
Payment to Employee State Insurance Scheme	13.27	11.48
Payment to other Employee Insurance Schemes	-	9.46
Canteen Expenses	43.81	65.77
Medical Benefits	11.09	10.41
Training & Professional Development	4.61	1.74
Transportation / Conveyance to Staff	15.34	19.66
Other Welfare Expenses	29.58	37.75
	<b>1,543.96</b>	<b>1,918.97</b>
<b>NOTE 28 : FINANCE COSTS</b>		
<b>Interest Expense on -</b>		
Term Loans	334.24	215.89
Working Capital Loans	121.50	158.03
Trade Deposits & Others	12.51	12.28
Other Borrowing Costs	9.45	2.23
	<b>477.70</b>	<b>388.43</b>
<b>NOTE 29 : OTHER EXPENSES</b>		
<b>Manufacturing Expenses -</b>		
Fuel Consumed	2,381.03	2,978.09
Adhesives, Inks, Consumables & Stores Consumed	252.46	425.84
Power & Water	86.64	73.06
Repairs & Maintenance :	-	-
- Plant & Machinery	457.25	721.38
- Building, Road	31.70	31.93
Excise Duty on Closing Stock of Finished Goods (net)	(14.80)	(12.37)
Exchange Fluctuation on raw material imports	(20.17)	(31.84)
<b>Total A</b>	<b>3,174.11</b>	<b>4,186.09</b>
<b>Administrative &amp; Selling Expenses -</b>		
Commission on Sales	143.39	204.10
Packing & Forwarding Charges	114.71	190.05
Rent payments	15.44	15.35
Rates and Taxes	19.82	71.82
Postage & Telephone	5.95	7.66

59<sup>th</sup>  
Annual Report  
2017-18

Notes to financial statements for the year ended March 31, 2018

	2017 - 18 ₹ in Lakhs	2016 - 17 ₹ in Lakhs
Printing and Stationery	4.59	6.65
Directors' Sitting Fees	4.80	4.70
Exchange rate difference	60.95	-
Insurance	59.10	61.01
Vehicle Repairs & Maintenance	8.90	10.78
Travelling and Conveyance	26.24	34.31
Auditors' Remuneration :	-	-
- for audit	4.00	4.00
- for tax audit	1.00	1.00
- for other services	1.05	1.70
- for Out-of-Pocket Expenses	0.22	0.23
Security Charges	88.23	99.92
Outward Freight	233.89	215.69
Branch Expenses	7.89	11.14
Discount and Rebates	48.30	68.72
Bank Charges	21.92	24.55
Internal Audit Fees & Expenses	1.04	0.88
Corporate Social Responsibility Expenses	0.46	5.25
Miscellaneous Expenses	131.61	138.61
<b>Total B</b>	<b>1,003.50</b>	<b>1,178.12</b>
<b>Total A + B</b>	<b>4,177.61</b>	<b>5,364.21</b>

**NOTE 30 : EARNINGS PER SHARE**

Basic & Diluted Earnings Per Share :

Profit for the year after tax	95.28	1,195.47
No. of Shares outstanding	1,50,00,000	1,50,00,000
Earnings Per Share in Rupees	0.64	7.97

**NOTE 31 : CONTINGENT LIABILITIES & COMMITMENTS**

Particulars	₹ in Lakhs		₹ in Lakhs	
	March 31, 2018	March 31, 2017	₹ in Lakhs April 01, 2016	
<b>A. CONTINGENT LIABILITIES</b>				
1. Demands under the Central Excise Act :				
Excise duty and penalty on removal of Capital goods (stay granted by CESTAT, Bangalore)	Duty 8.15	8.15	8.15	
	Penalty 0.50	0.50	0.50	
Excise duty on sale of sludge (appeal with Commissioner (Appeals), Mysore)	Duty 0.12	0.12	-	
2. Demand by Chamundeshwari Electricity Supply Corporation Ltd (CESC) :	3,775.73	3,775.73	-	

Company had entered into a Power Purchase Agreement (PPA) with Karnataka Power Transmission Corporation Ltd. (KPTCL) on 30.03.2001 for supply of surplus electricity generated from co-generation power plant. By an Order of Karnataka State Government, PPA was assigned in favour of Chamundeshwari Electricity Supply Corporation Ltd (CESC).

After complying with requirement of Section 9(2) of the Electricity Act 2003, the Company laid transmission lines to its own Printing & Packaging unit located about 1km away from the co-generation power plant.

In FY 2015-16, CESC has filed a petition before Hon'ble Karnataka Electricity Regulatory Commission (KERC), Bengaluru, alleging breach of PPA and has claimed damages for the period from April 2009 to March 2016 on account of reduction in supply of power to CESC and further seeking direction to the Company for removal of such dedicated transmission lines.

Company denies any breach of the terms of the PPA and has obtained legal advice that the demand is baseless, frivolous and untenable and has filed objections before KERC. The matter is pending before KERC. Company has not acknowledged the said claim as debt.

**B. COMMITMENTS**

Particulars	₹ in Lakhs		
	March 31, 2018	March 31, 2017	April 01, 2016
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	133.25	404.57	459.24
2. Letters of credit issued by Bank on behalf of the Company net of liability on goods received, which has been shown under Sundry creditors		360.04	160.35
3. Bank guarantee, for which counter guarantee is given by the Company		3.00	-

**NOTE 32 : LEASES**

The Company is obligated under non-cancellable operating leases mainly for Warehouses. The total rental expenses under non-cancellable operating leases amount to ₹34.21 lakhs for the year ended March 31, 2018 (March 31, 2017: ₹28.86 lakhs).

Particulars	₹ in Lakhs		
	March 31, 2018	March 31, 2017	April 01, 2016
Not later than 1 year	15.83	23.43	21.83
Later than 1 year and not later than 5 years	-	-	-
Later than 5 years	-	-	-

**Note 33 : RELATED PARTY DISCLOSURES**

Names of related parties and related party relationship :

**A. Key Managerial Personnel (KMP) / relative of KMP**

Mr. Manish M Patel	KMP	Managing Director
Mrs. Vandhana M Patel	Relative of KMP	Wife of Managing Director
Mr. B. Ravi Holla	KMP	Chief Financial Officer
Ms. Vidya Bhat	KMP	Company Secretary

**B. Companies in which KMP (MD) is a Director**

Laxmi Board & Paper Mills Pvt Ltd	Director & shareholder
Indo Afrique Paper Mills Pvt Ltd	Director & shareholder
Global Waste Recyclers Ltd	Director (no shareholding)

# 59<sup>th</sup> Annual Report 2017-18

## DETAILS OF RELATED PARTY TRANSACTIONS

	₹ in Lakhs March 31, 2018	₹ in Lakhs March 31, 2017
<b>Remuneration</b>		
Mr. Manish M Patel	102.39	104.83
Mrs. Vandhana M Patel	8.44	6.40
Mr. B. Ravi Holla	13.69	11.77
Ms. Vidya Bhat	4.34	3.35
<b>Closing Credit Balance in current account</b>		
Mr. Manish M Patel	8.61	10.75 (13.64 for 1/4/16)
<b>Purchase of Goods</b>		
Global Waste Recyclers Ltd	-	22.88

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017 : Nil, April 01, 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### NOTE 34 : EMPLOYEE BENEFITS

#### A. Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plan ("the Scheme") for Qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to the plan by the Company is at rates specified in the rules of the Scheme. Amount contributed to the Scheme is shown in Note No. 27.

#### B. Defined Benefit Plans

The Company offers Gratuity benefit to its employees. The Company has set up a Trust for gratuity and the plan assets are invested with Life Insurance Corporation of India and in approved Bank Deposits.

As per IND AS-19, disclosures in respect of Gratuity Scheme, based on Actuarial valuation are as follows:

	₹ in Lakhs March 31, 2018	₹ in Lakhs March 31, 2017
<b>1. Expense recognised in Statement of Profit &amp; Loss</b>		
a. Current service cost	44.42	84.27
b. Interest on Defined Benefit Obligation	63.61	57.36
c. Expected return on plan assets	(68.51)	(59.00)
	<b>39.52</b>	<b>82.63</b>

	₹ in Lakhs	₹ in Lakhs
<b>2. Net (Assets) / Liabilities recognised in Balance Sheet</b>		
a. Present value of Defined Benefit obligations	829.91	819.05
b. Fair value of Plan assets	926.63	868.27
Difference representing Net (Assets) / Liabilities	(96.72)	(49.22)
<b>Less : Amount not recognised as an asset by the actuary</b>	39.85	
<b>Net (Assets) / Liabilities recognised in Balance Sheet</b>	<b>(56.87)</b>	<b>(49.22)</b>
<b>3. Change in Grautuity Obligation during the year</b>		
a. Present value of Defined Benefit obligations as on 01-04-17	819.05	789.23
b. Current service cost	44.42	84.27
c. Interest on Defined Benefit Obligation	63.61	57.36
d. Acturial (gain) / loss	(100.69)	(98.37)
e. Benefits paid	(25.69)	(13.45)
f. Prior Service Costs	29.21	-
g. Present value of Defined Benefit obligations as on 31-03-18	<b>829.91</b>	<b>819.05</b>
<b>4. Change in fair value of plan assets during the year</b>		
a. Fair value of plan assets as on 01-04-17	868.27	803.11
b. Expected return on plan assets	68.51	59.00
c. Actual Company contribution	-	3.70
d. Acturial gain / (loss)	(10.15)	2.46
e. Benefits paid from plan assets		
f. Fair value of plan assets as on 31-03-18	<b>926.63</b>	<b>868.27</b>
<b>Acturial Assumptions :</b>		
a. Discount rate	7.89%	7.33%
b. Expected rate of return on Plan assets	7.89%	8.00%
c. Salary escalation rate	10.00%	10.00%

**Note 35 : SEGMENTWISE REVENUE, RESULTS, CAPITAL EMPLOYED**

₹ in Lakhs

	March 31, 2018	March 31, 2017
<b>1. Segment Revenue</b>		
i Paper & Paper Products	12,833.44	20,329.32
ii Power	1,975.83	2,522.11
	<b>14,809.27</b>	<b>22,851.43</b>
Less : Inter Segment Revenue	1,342.21	2,163.52
<b>Net Revenue from Operations</b>	<b>13,467.06</b>	<b>20,687.91</b>
<b>2. Segment Results</b>		
i Paper & Paper Products	330.24	1,808.73
ii Power	228.06	399.28
Add : Exceptional items (net)	-	-
	<b>558.30</b>	<b>2,208.01</b>
Less : Finance costs	477.70	388.43
<b>Total Profit before Tax</b>	<b>80.60</b>	<b>1,819.58</b>

# 59<sup>th</sup> Annual Report 2017-18

	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
	March 31, 2018	March 31, 2017	April 01, 2016
<b>3. Segment Assets</b>			
i Paper & Paper Products	18,454.06	18,416.90	17,229.46
ii Power	5,038.41	4,632.83	4,376.18
<b>Total Segment Assets</b>	<b>23,492.47</b>	<b>23,049.73</b>	<b>21,605.64</b>
<b>4. Segment Liabilities</b>			
i Paper & Paper Products	6,258.93	6,894.71	7,989.98
ii Power	3,264.14	2,024.14	907.18
<b>Total Segment Liabilities</b>	<b>9,523.07</b>	<b>8,918.85</b>	<b>8,897.16</b>

## NOTE 36 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprises mainly of term loan borrowings, trade payables and other payables. The Company's financial assets comprises mainly of cash and cash equivalents, other balances with banks, trade receivables and other receivables.

Risk management policies and systems of the Company are reviewed regularly by the Board of Directors to reflect changes in market conditions and the company's activities. The Company has financial risk exposure in the form of

- A. Market Risk,
- B. Credit Risk, and
- C. Liquidity Risk.

The present disclosure made by the Company summarises the exposure to these financial risks.

### A. Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types i.e., Foreign Currency Exchange Rate Risk, Interest Rate Risk and Other Price Related Risks.

#### (i) Foreign Currency Exchange Rate Risk:

The Company imports pulp, waste paper and other stores & spares for which payables are denominated in foreign currency. The Company is exposed to foreign currency risk on these transactions. The Company evaluates the impact of foreign exchange rate fluctuations by closely monitoring exchange rate movements and where necessary occasionally enters into simple forward exchange contracts to hedge the foreign currency risk whose maturity is coterminous with the maturity period of the foreign currency liabilities. Thus, the Company is generally not exposed to any significant foreign currency risk.

#### (ii) Interest Rate Risk:

The Company's exposure to the risk of changes in market interest rates relates to bank borrowings comprising of term loans and working capital loans.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	₹ in Lakhs	₹ in Lakhs
	March 31, 2018	March 31, 2017
Variable Rate Borrowings		
Term Loans	4125.74	3175.00
Working capital loans	1168.79	1369.01
<b>Total</b>	<b>5294.53</b>	<b>4544.01</b>
Fixed Rate Borrowings	----	----
Closing average rate of interest	10.00% p.a.	10.65% p.a.

### Interest Rate Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on Variable Rate Borrowings at the end of the reporting period. Impact on Profit before tax, using a 25 basis point +/- fluctuation in the interest rate would be as under.

	₹ in Lakhs	₹ in Lakhs
	March 31, 2018	March 31, 2017
Interest rate increase by 0.25%	-13.24	- 11.36
Interest rate decrease by 0.25%	+13.24	+ 11.36

### (iii) Other price risk

Other price risk is the risk that the fair value of a financial instruments will fluctuate due to changes in market traded prices.

### Commodity price risk:

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

### Others:

Company does not have any equity or other investments which are subjected to price related risks.

### B. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

#### (i) Trade Receivables

Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable and thus set the

# 59<sup>th</sup> Annual Report 2017-18

individual risk limits are. The company does not hold any collateral on the balance outstanding. The company has stop supply mechanism in place in case outstanding goes beyond agreed limits.

The Company also sells its products through appointed agents. The Company has established a credit policy under which every agent is analysed individually for creditworthiness. Each agent places security deposit based on the quotas allocated to him. Though the invoices are raised on the individual customer, the agent is responsible for the collection and in case of default by such customer, the dues from the customer are withheld / adjusted against the payables to the agent. Thus, the credit risk is mitigated.

## (ii) Financial instruments and cash deposits

The Company's investment in fixed deposit with banks is fixed and hence, there is no risk on account of price movement arising to the Company. The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. The Company does not maintain significant cash and deposit balances other than those required for its day to day operations.

## C. Liquidity Risk:

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liabilities. The liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

## NOTE 37 : CAPITAL MANAGEMENT

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital and all other equity reserves attributable to equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using Gearing Ratio, which is as under:

	₹ in Lakhs	₹ in Lakhs
	March 31, 2018	March 31, 2017
A. Borrowings (Term Loan)	4,125.74	3,175.00
B. Less : Cash & Bank Balances	188.26	400.29
C. Net Debt [ A (-) B ]	3,937.48	2,774.71
D. Equity	13,969.40	14,130.88
E. Total Capital [ C (+) D ]	17,906.88	16,905.59
F. Gearing Ratio [ C (÷) E ]	0.22	0.16



**NOTE 38 : EXCHANGE DIFFERENCES**

The Company has recognized an aggregate Loss on exchange differences of ₹40.78 lakhs (P.Y. gain of ₹82.66 lakhs ) in the Statement of Profit & Loss.

**NOTE 39 : MSME DUES**

The Ministry of Micro, Small and Medium Enterprises has issued an office of memorandum dated 26th August 2008 which recommends that the Micro & Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the ‘Micro, Small and Medium Enterprises Development Act, 2006’ (‘the Act’). Accordingly the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on information received and available with the Company. In the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the Balance Sheet date.

Particulars	₹in lakhs	₹in lakhs	₹in lakhs
	31.03.2018	31.03.2017	1.04.2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting period	Nil	0.11	0.41
The amount of interest paid by the Company along with the amount of the payments made to the supplier beyond the appointed day during the period	Nil	Nil	Nil
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 this Act	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil	Nil
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	Nil	Nil	Nil

**NOTE 40 : FIRST-TIME ADOPTION OF IND AS**

Company has prepared the financial statements under Ind AS for the first time for the year ending 31<sup>st</sup> March 2018. The date of transition to Ind AS is 01.04.2016.

For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with generally accepted accounting principle in India (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017. For the purpose, the Company prepared the opening balance sheet as of April 1, 2016 (the transition date), as per Ind AS. Company has applied the Standards only to items / transactions which are material.

**Exemptions applied**

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS and accordingly the Company has elected to avail exemption to continue with the carrying value of all of its Property, Plant and Equipment and intangible assets recognised as of April 1, 2016 (transition date) as deemed cost as per the financial statements prepared in accordance with previous Indian GAAP.

# 59<sup>th</sup> Annual Report 2017-18

## Reconciliation of Equity under previous GAAP & IND AS

All amounts in Indian Rupees Lakhs

### A) Equity reconciliation:

For the year ended March 31, 2017

₹ in Lakhs

Particulars	Amount
<b>Equity as reported under previous GAAP</b>	13,699.07
Add : MAT Credit entitlement not considered in prior years, recognised	161.00
Add : Dividend (incl. DDT ) not recognised as liability until declared	270.81
<b>Equity as per Ind AS</b>	<b>14,130.88</b>

For the year ended April 01, 2016

Particulars	Amount
<b>Equity as reported under previous GAAP</b>	12,708.48
Add : MAT Credit entitlement not considered in prior years, recognised	161.00
Add : Dividend (incl. DDT ) not recognised as liability until declared	541.61
<b>Equity as per Ind AS</b>	<b>13,411.09</b>

### B) Total comprehensive income reconciliation in the year ended March 31, 2017

Particulars	Amount
<b>Net profit under previous GAAP</b>	1,261.40
<b>Less : Remeasurement of the defined benefit plan obligation</b>	100.82
Tax on remeasurement of defined benefit plans	(34.89)
<b>Profit after Tax under Ind AS</b>	<b>1,195.47</b>
Other Comprehensive income	
<b>Add : Remeasurement of the defined benefit plans</b>	100.82
Tax on remeasurement of defined benefit plans	34.89
<b>Total Other Comprehensive income</b>	<b>65.93</b>
<b>Total Comprehensive income as reported under Ind AS</b>	<b>1,261.40</b>

## Notes to reconciliation between previous GAAP and Ind AS

### a) Employee benefits

Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/asset which is recognized in other comprehensive income in the respective periods.

**b) Proposed dividend and dividend distribution tax thereon**

Under Ind AS, liability for dividend is recognized in the period in which obligation to pay is established. Under previous GAAP, dividend payable is recorded as liability in the period to which the dividend relates, even though the dividend may be approved by the Board of Directors/Shareholders subsequent to the reporting date. This has resulted in an increase in equity of April 01, 2016.

**c) Effect of Income tax**

Tax adjustments include deferred tax impact on account of differences between Ind AS and Previous GAAP and recognising previously un-recognised MAT. This has resulted in change in equity and profit and loss.

**d) Other comprehensive income**

Under previous GAAP, the Company had not presented other comprehensive income separately. Hence, it has reconciled previous GAAP profit or loss to total comprehensive income as per Ind AS.

**e) Statement of cash flows**

The transition from previous GAAP to Ind AS did not have a material impact on statement of cash flows.

**NOTE 41 : EVENTS AFTER REPORTING PERIOD**

The Board of Directors recommended a final dividend of ₹ 1 per equity share for the financial year ended March 31, 2018. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company. The final dividend declared in the previous year was ₹ 1.50 per equity share.

**NOTE 42 : PREVIOUS YEAR FIGURES**

The comparative financial information of the Company for the transition date opening balance sheet as at April 01, 2016 and comparative period ended March 31, 2017 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by a firm of Chartered Accountants, other than Murthy Swamy and Associates LLP.

**Manish M. Patel**  
Managing Director

**M.G. Mohan Kumar**  
Director

To be read with our report of even date.  
**for Murthy Swamy & ASSOCIATES LLP**  
*Chartered Accountants*  
Firm Regn. No. S200065

**B. Ravi Holla**  
Chief Financial Officer

**Vidya Bhat**  
Company Secretary

**M.D. Venkatesha Murthy**  
Partner  
Membership No. 209189

Place : Bengaluru

Dated : 24<sup>th</sup> May, 2018

59<sup>th</sup>

# Annual Report 2017-18

## THE SOUTH INDIA PAPER MILLS LTD CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

	Year ended 31 <sup>st</sup> March, 2018 ₹ in lakhs		Year ended 31 <sup>st</sup> March, 2017 ₹ in lakhs	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net profit before tax as per Statement of Profit and Loss</b>		80.60		1819.58
Adjustments to reconcile Net Profit before tax to cash provided by operating activities:				
Add: Depreciation of Plant, Property & Equipment		878.81		951.17
Add: Finance costs		477.70		388.43
Less: Non-operating incomes		(194.13)		(60.62)
Changes in assets and liabilities:				
(Increase) / Decrease in Inventories	(752.41)		(22.05)	
(Increase) / Decrease in Trade Receivables	(814.86)		607.74	
(Increase) / Decrease in Other Financial Assets	6.84		(0.65)	
(Increase) / Decrease in Other Assets	296.56		(95.31)	
(Increase) / Decrease in Other non Current Assets	13.73		-	
Increase / (Decrease) in Trade Payables	227.20		(303.14)	
Increase / (Decrease) in Other Financial Liabilities	(267.77)		(136.52)	
Increase / (Decrease) in Other Current Liabilities	(3.94)		(110.57)	
Increase / (Decrease) in Provisions	(108.03)	(1,402.68)	118.56	58.06
Cash flow from operating activities		(159.70)		3,156.62
Less: Income Tax paid		(5.09)		(540.84)
<b>Net cash flows from operating activities (A)</b>		<b>(164.79)</b>		<b>2,615.78</b>
Investment in fixed assets		(267.76)		(2,956.85)
Proceeds from sale of fixed assets		365.30		-
Interest Income		42.53		58.31
Income tax refund				2.70
<b>Net cash flows from investing activities (B)</b>		<b>140.07</b>		<b>(2,895.84)</b>
Increase / (Decrease) in Short Term borrowings		(200.22)		(83.00)
Increase in Long Term borrowings		1,150.00		1,743.13
Repayment of Long Term borrowings		(199.27)		(100.00)
Increase / (Decrease) in Other Long Term liabilities		(188.33)		(287.33)
Finance costs		(478.70)		(394.51)
Equity Dividend paid		(229.53)		(443.43)
Dividend Distribution Tax		(45.80)		(91.61)
<b>Cash flow from financing activities (C)</b>		<b>(191.85)</b>		<b>343.25</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>		<b>(216.57)</b>		<b>63.19</b>
<b>Balance of cash and cash equivalents at the beginning of the year</b>		<b>450.37</b>		<b>387.18</b>
<b>Balance of cash and cash equivalents at the end of the year</b>		<b>233.80</b>		<b>450.37</b>

**Manish M. Patel**  
Managing Director

**M.G. Mohan Kumar**  
Director

To be read with our report of even date.  
**for Murthy Swamy & ASSOCIATES LLP**  
Chartered Accountants  
Firm Regn. No. S200065

**B. Ravi Holla**  
Chief Financial Officer

**Vidya Bhat**  
Company Secretary

**M.D. Venkatesha Murthy**  
Partner  
Membership No. 209189

Place : Bengaluru  
Dated : 24<sup>th</sup> May, 2018

## **NOTICE OF THE 59TH ANNUAL GENERAL MEETING**

Notice is hereby given that the Fifty Ninth Annual General Meeting of The South India Paper Mills Ltd., will be held at the Registered Office of the Company at Chikkayana Chatra, Nanjangud - 571 302 (Karnataka State), on Thursday, the 20<sup>th</sup> September, 2018 at 3.30 p.m. to transact the following business :

### **Ordinary Business:**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2018 and Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend for the year ended 31<sup>st</sup> March, 2018
3. To appoint a Director in place of Mr. Dineshchandra C Patel (DIN 00167581), who retires by rotation and is eligible for reappointment.

### **Special Business**

4. Ratification of appointment of Murthy Swamy & Associates, LLP as Statutory Auditors of the Company.

To consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the approval of members in the Annual General Meeting held on 26<sup>th</sup> September, 2017 for appointment of Murthy Swamy & Associates, LLP, Chartered Accountants, Mysuru (Firm Registration No. S200065) the Auditors of the Company, for a term of 5 consecutive years ending on 31.03.2022, which was subject to ratification at every Annual General Meeting, and in partial modification of the earlier resolution passed, consent of the members be and is hereby accorded to continue the appointment of Murthy Swamy & Associates, LLP, Chartered Accountants, Mysuru (Firm Registration No. S200065), as the Auditors of the Company for the remaining term without requiring any further ratification by the shareholders in terms of the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, at a remuneration to be decided by the Board of Directors on the recommendation of Audit Committee, in consultation with the Auditors.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect of this Resolution.”

5. **RE APPOINTMENT OF MR MANISH M PATEL AS MANAGING DIRECTOR AND REMUNERATION OF MANAGING DIRECTOR**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, and subject to such approvals, as may be necessary, consent of the Company be and is hereby accorded to the reappointment of Mr. Manish M Patel, who was reappointed as the Managing Director of the Company with effect from 20.05.2014 in the Fifty Fourth Annual

# 59<sup>th</sup> Annual Report 2017-18

General Meeting for a period of 5 years to hold office till 19.05.2019, as the Managing Director of the Company, for a further period of 5 years with effect from 20.05.2019, to exercise all the powers of management subject to supervision and control of the Board of Directors and that the remuneration detailed herein as approved by the Nomination & Remuneration Committee and the Board of Directors be and is hereby ratified and approved.

- (1) Salary at the present rate of ₹ 7,50,000 (₹ Seven Lakh Fifty Thousand Only) per month, with annual increments to be determined by the Board of Directors from time to time subject to limit prescribed in Schedule V to Companies Act 2013, as monthly remuneration, perquisites enumerated in the explanatory statement below and commission on net profits of the Company at the rate of 2% and such remuneration comprising of monthly salary, commission on net profits and value of perquisites, shall not exceed 5% of the net profits of the Company computed with reference to Section 198 of the Companies, Act 2013 for the time being in force and as amended from time to time in case the Company has adequate profit.
- (2) In the absence of profitability or inadequate profit, remuneration comprising of monthly salary, commission on net profits and the perquisites for the financial year ending 31.03.2018, 31.03.2019 and 31.03.2020, is subject to the limits prescribed under Schedule V of the Companies Act, 2013.

RESOLVED further that the Board of Directors be and are hereby authorized to revise the remuneration, including commission and perquisites, from time to time, within the limits prescribed in Schedule V to the Companies Act 2013, or any amendment or any statutory modifications thereto.

## **6. INCREASE IN BORROWING POWERS OF THE BOARD**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT subject to the provisions of Section 180(1)(c) and other applicable provisions if any of the Companies Act 2013 and relevant rules made thereto including statutory modifications or re enactments thereof and in supersession of the resolution passed by the members of the Company at their Annual General Meeting held on 25<sup>th</sup> October 2000, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors to borrow money from time to time upto a limit of ₹100 crores (₹One Hundred Crores only) in excess of the aggregate of paid up capital and free reserves of the Company, notwithstanding that the amount to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) will exceed the aggregate paid up capital of the Company and its free reserves.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds or things and to take all such steps as may be necessary to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any duly constituted Committee of Directors or any one or more Directors of the Company to finalise, settle, and execute such documents deeds, writings, agreements as may be required and to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, incidental, consequential, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.

**7. CREATION OF CHARGE / PROVIDING OF SECURITY**

**To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:**

RESOLVED THAT pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include a duly constituted Committee thereof) to create such charge/s, mortgage/s and hypothecation/s in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, in favour of Banks to secure borrowings from time to time provided that the aggregate of borrowings so secured shall not exceed Rs 100 crores (Rupees One Hundred crores only) outstanding at any time exclusive of interest, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of such borrowings.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised and empowered to finalise, settle and execute requisite agreements, documents, deeds, indemnities, guarantees, declarations or other legal undertakings and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid.”

By Order of the Board of Directors

Bengaluru  
19<sup>th</sup> July , 2018

**MANISH M PATEL**  
**MANAGING DIRECTOR**

**NOTES**

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Business under Item No. 4 to Item 7 as set out above are annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a Member of the Company. However, proxy forms should be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting
3. The Register of Members of the Company will remain closed from 01<sup>st</sup> September, 2018 to 22<sup>nd</sup> September, 2018 (both days inclusive). The Dividend shall be payable to those Shareholders whose names appear on the Register of Members as on the closing of 31<sup>st</sup> August, 2018. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
4. Members are requested to communicate the change in address, if any, immediately to the Company’s Registrars & Share Transfer Agents M/s Karvy Computershare Pvt Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032
5. The relevant details in respect of item Nos. 3, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are annexed hereto.

# 59<sup>th</sup> Annual Report 2017-18

## Details of the Director seeking appointment / re-appointment in the forthcoming Annual General Meeting

Name of the Director	Age	Date of Appointment & No. of equity shares held in the Co.	Experience in specific functional areas	Qualifications	Directorships in other companies	Chairman / membership in committees on the Board of other companies
Dineshchandra C Patel	79	30.08.1975 Holds 5,20,043 shares	Vast experience in Paper Industry, general management and in handling legal matters.	Bar-at-Law	(1) Laxmi Board and Paper Mills Pvt Ltd	----

### Relationship with other Directors

#### Mr. Dineshchandra C Patel is the father of Mr Ajay D Patel

6. In order to protect your interest against fraudulent encashment of Dividend warrants, we request you to provide us the name of your bank, branch & the account number, if not already given, to enable us to incorporate the same in your Dividend warrants.
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends / unpaid dividends upto the financial year ended 31<sup>st</sup> March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to forward their claims in prescribed Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Office of the Registrar of Companies, Karnataka, E-Wing, II Floor, Kendriya Sadana, Koramangala, Bangalore - 560 034.
8. Members who have not encashed their Dividend Warrants pertaining to the year 2010-2011 & onwards are requested to approach the Company, immediately for obtaining duplicate Dividend Warrant. As per the provisions of Section 124(5) and 124 (6) which came to force on 5<sup>th</sup> September 2016, Companies while transferring the unpaid dividend will also have to transfer the underlying equity shares, only if the dividend is not claimed during the said period of 7 years. Members may please take note of the same.
9. Shareholders/Proxy holders are requested to produce at the entrance the attached attendance slip duly completed and signed, for admission to the meeting hall.
10. Shareholders are requested to bring their copies of the Annual Report, as copies of the Report will not be distributed again in the meeting, as a measure of economy.
11. Companies Act, 2013 provides for Nomination facility to members. Members desirous of making use of this facility may contact the Company or our Registrars & Transfer Agents.



12. As per SEBI Circular Rules, furnishing of PAN Card copy of Transferee is mandatory in cases of Transfer of shares in physical form, Transmission of shares/ deletion of deceased shareholder's name. Members may please take note that w.e.f 05<sup>th</sup> December 2018, no physical shares will be accepted for share transfer unless the shares are dematerialized, as per amendment to SEBI Listing Regulations. Please ensure to demat your physical holdings on or before 05<sup>th</sup> December 2018. SEBI Circular dated 20<sup>th</sup> April 2018 mandates shareholders whose PAN and Bank account details are not registered with the Company, to provide PAN and Bank account details for updation of the same in the Company records. In this regard communications are being sent to physical shareholders whose PAN and Bank account details are not registered. Members may please contact the Company or to our RTA M/s Karvy Computershare Pvt Ltd, Hyderabad for updation of PAN and Bank account details.
13. In case of change of address with respect to physical shareholding, members are requested to send a letter duly signed by the shareholder (s) along with certified copies of Electricity or Telephone Bill and Ration card and PAN Card copy in support of your changed address.
14. The Ministry of Corporate Affairs (MCA) has launched 'Green Initiatives in the Corporate Governance' by allowing paperless compliances by the Companies. MCA has issued Circular No's 17/2011 dated 21<sup>st</sup> April, 2011 and 18/2011 dated 29<sup>th</sup> April, 2011 stating that the services of a notice/ document by a Company to its shareholders can now be made through electronic mode. Further, MCA has vide its notification dated 30<sup>th</sup> May, 2011 issued the Companies (Passing Of the Resolution by Postal Ballot) Rules, 2011 which enables the Companies to issue Postal Ballot notices also through electronic mail to their shareholders.

In view of the above, the Company proposes to henceforth send Annual Report (Audited Financial Statements, Directors Report, Audit Report etc.) and other documents such as the Notice of the Annual General Meeting/ Extraordinary General Meeting/ Postal Ballot Notices to the shareholders in electronic form to the email address registered with their depository participant( in case of electronic shareholding) / our Registrar and Share Transfer Agents M/s Karvy Computershare Pvt Ltd(in case of physical shareholding).

We, therefore request and encourage you to register your email ID in the records of your Depository Participant (in case of electronic holding)/ our Registrar and Share Transfer Agents M/s. Karvy Computershare Pvt Ltd(in case of physical shareholding)mentioning your folio details.

By Order of the Board of Directors

Bengaluru  
19<sup>th</sup> July, 2018

**MANISH M PATEL**  
**MANAGING DIRECTOR**

# 59<sup>th</sup> Annual Report 2017-18

## **EXPLANATORY STATEMENT**

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out all the material facts relating to the business mentioned under Item No's 4 to 7 of the accompanying notice

### **Item No. 4**

#### **Ratification of appointment of Auditor**

At the 58th Annual General Meeting (AGM) of the Company, the shareholders had approved appointment of Murthy Swamy & Associates, LLP, Chartered Accountants [Firm Registration No.: S200065] as Statutory Auditors of the Company from the conclusion of 58th AGM till the conclusion of 63rd AGM, subject to ratification by the shareholders at every AGM. The Companies (Amendment) Act, 2017 published in the Gazette of India on January 3, 2018, amended few sections of Companies Act, 2013 including omission of first proviso to Section 139(1) of Companies Act 2013 which provided for ratification of appointment of Statutory Auditors by members at every AGM. The said amendment is effective from May 7, 2018. In view of the same, fresh approval of the members is sought for the ratification of appointment of Murthy Swamy & Associates, LLP, Chartered Accountants [Firm Registration No.: S200065], as Auditors of the Company, for the remaining term of four years i.e. from the Conclusion of this Annual General Meeting till the conclusion of the 63rd Annual General Meeting.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the members.

None of the Directors, Key Managerial Personnel or their respective relatives are concerned or interested, financially or otherwise, in this resolution.

### **Item No 5**

#### **Reappointment of Mr Manish M Patel as Managing Director and Remuneration of Managing Director**

In the Annual General Meeting held on 19<sup>th</sup> September, 2013 Mr. Manish M Patel was re - appointed as the Managing Director for a period of five years from 20<sup>th</sup> May 2014 on a salary of ₹7,50,000 per month with Annual increments determined by the Board of Directors from time to time subject to maximum of ₹10,00,000 per month. In addition he is entitled to perquisites as prevailing and a commission of 2% on Net Profits of the Company. As the appointment is valid till 19.05.2019, the approval of the members is sought to continue the appointment of Mr. Manish M Patel as the Managing Director of the Company for a further period of 5 years from 20.5.2019.

Approval is also sought for the remuneration package including minimum remuneration paid for Financial Year 2018 under Part II of Schedule V of the Act, as approved by the Nomination and Remuneration Committee and the Board of Directors. The remuneration is in the form of monthly salary, perquisites and commission on Net Profits subject to an overall ceiling of 5% of the net profits subject to limits laid down under Part II of Schedule V of the Companies Act, 2013 in case of loss or inadequate profits. The Board is also authorized to approve higher remuneration of monthly salary, perquisites or commission on net profits subject to the limit of 5% of the Net Profits and also subject to the provisions prescribed in Part II of Schedule V to the Companies Act, 2013

#### **Perquisites:**

- i) Unfurnished rent free accommodation provided the expenditure in this behalf shall not exceed fifty percent of the salary or House rent allowance in lieu thereof.
- ii) Reimbursement of expenditure on gas, electricity, water and furnishings valued as per Income Tax Rules, 1962, subject to a ceiling of ten percent of the salary.

- iii) Reimbursement of medical expenses incurred for self and family including any medical expenses incurred outside India and traveling, incidental expenses in relation to medical treatment outside India. Provided that the expenses to be incurred outside India, shall be limited to the extent permitted by the Reserve Bank of India.
- iv) Leave Travel concession for self and family once in a year, subject to a ceiling of one month's salary.
- v) Reimbursement of club fees subject to maximum of membership in two clubs excluding admission and life membership fees.
- vi) Personal accident insurance subject to a ceiling on premium of ₹10,000 per annum.
- vii) Contribution to Provident Fund and Superannuation Fund, as per rules of the Company.
- viii) Gratuity at the rate of half month's salary for each completed year of service. The service prior to the period of this agreement in the Company, shall also be counted for the above purpose.
- ix) Provision of car for use on Company's business, with chauffer.
- x) Provision of telephone at residence and the personal long distance calls shall be billed by the Company, on the appointee.
- xi) Subject to any statutory ceiling, the appointee may be given any other allowance, performance bonus, incentive, perquisites, benefits and facilities as the Board of Directors of the Company may from time to time decide.

#### **I. General Information relating to the Industry and the Company**

- i) Nature of Industry – Manufacture of paper, paper boards, cartons and power generation.
- ii) Date of commercial production : Paper in 1959, power in 2001 and cartons in the year 2008.
- iii) Financial performance for the last three years (₹ In lakhs).

	<u><b>FY 2017-18</b></u>	<u><b>FY 2016-17</b></u>	<u><b>FY 2015-16</b></u>
Net Sales	13,448.91	19,512.41	20,662.88
Profit before tax	80.60	1,819.58	3485.11
Profit after tax	95.28	1,195.47	2,408.98
Export performance	98.69	-	10.27

- iv) Foreign investments on collaborations : - NIL

#### **II. Information about the appointee**

- i) **Background detail:** The appointee is aged about 59 years and is an Engineer and MBA. He is associated with the Company since 1985 and is responsible for the progress of the Company upto the present stage.
- ii) **Past remuneration:** For the year ended 31.3.2017, Salary and Allowance ₹90,00,000, perquisite ₹13,61,195, commission on net profit – NIL , contribution to provident fund ₹21,600, Contribution to Super Annuation Fund ₹1,00,000, totalling ₹1,04,82,795.
- iii) **Job Profile:** Management of the business and affairs of the Company under the supervision and control of the Board of the Director of the Company.
- iv) **Remuneration proposed:** As per resolution annexed.
- v) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person - Not Available.

# 59<sup>th</sup> Annual Report 2017-18

## III. Other Information

### i) Reason of loss or inadequate profit :

Upto FY 2016-17 profits were adequate. In FY 2017-18, profitability was affected due to labour strike. Paper Industry is cyclical and dependence on imports, weakening rupee may affect the profitability of the Company.

### ii) Steps taken or proposed to be taken for improvement :

To remain competitive in the current challenges of economy and industry, the Company has taken the following steps

- To manufacture higher grades of Paper with higher value addition
- To strengthen technical and marketing functions

### iii) Expected increase in productivity and profits in measurable terms

The Company has taken measures to reduce costs and to improve operating efficiency and it is exploring possibilities to increase the realisations to the extent possible considering the current market conditions.

## IV. Disclosures

The required disclosures as to the remuneration package, etc have been appropriately provided in the Directors' Report under heading Corporate Governance Report, forming part of the Annual Report which may be referred to.

Except Mr. Manish M Patel, none of the Directors and Key Managerial Personnel or their relatives are interested or concerned in this resolution.

The above may be treated as an abstract of the terms and conditions governing the appointment & remuneration and memorandum of interest.

## Item No 6 & 7

### Increase in Borrowing powers of the Company & Creation of Charge

The Company is implementing an expansion project involving an outlay of ₹125 crores. This project is proposed to be financed by Internal Accruals & Term Loans from Banks. The present borrowing powers of the Board is just adequate to borrow the requisite amount for this. In order to facilitate immediate future financial requirements, it is necessary to increase the borrowing powers of the Board and to authorize the Board to create charge / provide security for such borrowings and giving of such authority is required to be approved by Special Resolution . The Board recommends the Special Resolutions for approval of the members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolution

## INSTRUCTIONS FOR E VOTING

The Company is pleased to provide Members facility to exercise their right to vote at the Fifty Ninth Annual General Meeting (AGM) by electronic means in deference to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration), Rules, 2014. This business would be transacted through e- voting services provided by Karvy Computershare Pvt Ltd.

1. **A.** In case a Member receives an email from Karvy [for members whose email IDs are registered with the Company/ Depository Participants (s)]:
  - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and password mentioned in the attendance slip). EVENT No. followed by Folio No. / DP ID- Client Id will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - iii. After entering these details appropriately, click on “LOGIN”.
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly **recommended** that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the “EVENT” i.e., The South India Paper Mills Limited.
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut off Date under “**FOR/AGAINST**” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/AGAINST” taken together not **exceeding** your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either “**FOR**” or “**AGAINST**” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
  - viii. Shareholders holding multiple folios/ demat accounts shall choose the voting process separately for each folio/ demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on “Submit”.
  - xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any **number** of times till they have voted on the Resolution(s).
  - xii. Corporate/ Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e mail [hitaishkumar@gmail.com](mailto:hitaishkumar@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format “The South India Paper Mills Limited”, 59th Annual General Meeting”.
- B.** In case a Member receives physical copy of the Notice of AGM [ for members whose email IDs are not registered with the Company/ Depository Participants (s) ]
  - i. User ID and initial Password as mentioned in the attendance slip.
  - ii. Please follow all steps from Sl. No. (i) to Sl. No. (xii) of A above, to cast vote.

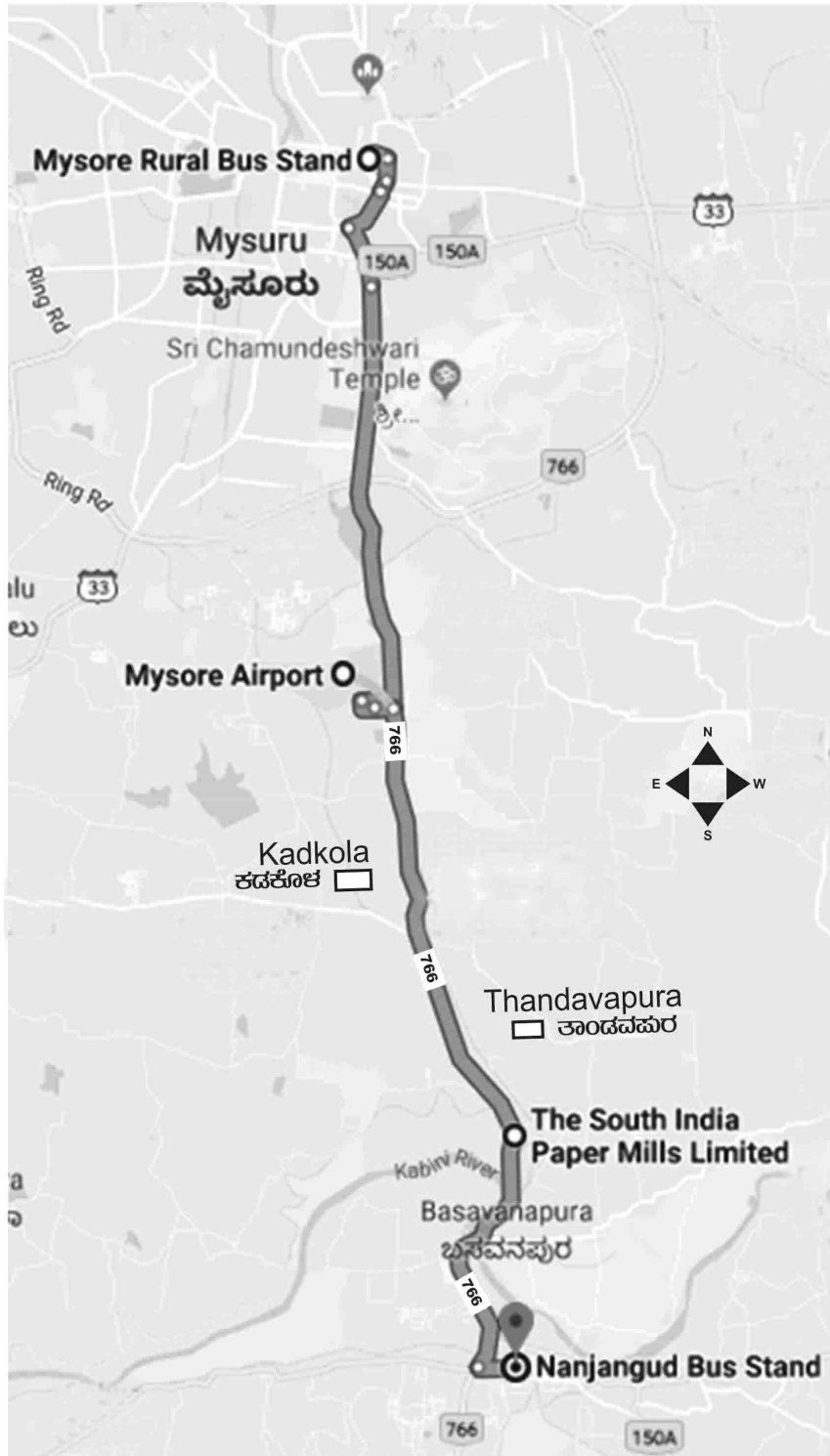
# 59<sup>th</sup> Annual Report 2017-18

2. In case of any queries relating to e-voting please visit Help & FAQ section of <https://evoting.karvy.com> (Karvy Website).
3. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
4. The e-voting period commences on 17-09-2018 (9.00 AM) and ends on 19-09-2018 (5.00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 13-09-2018, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
5. Member who do not have access to e-voting facility and wish to send his assent or dissent in writing on the postal ballot can fill up the enclosed Ballot form send it to scrutinizer so as to reach on or before 19-09-2018.
6. The voting rights of shareholders shall be in proportion to their shares of the paid up Equity share capital of the Company as on the cut-off date 13-09-2018.
7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 13-09-2018, may obtain the login ID and password by sending a request at [evoting@karvy.com](mailto:evoting@karvy.com) or to Mrs Shobha Anand Contact No. 040-6716 2222. The Notice of the Annual General Meeting (AGM) of the Company along with Attendance Slip and Proxy Form & Ballot form can be downloaded from the link <https://evoting.karvy.com> or [www.sipaper.com](http://www.sipaper.com).
8. The facility for voting through Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
9. Members who have cast their vote by e-Voting / Ballot are entitled to attend the AGM but they cannot cast their vote at the AGM. Shareholders present in person or by proxy can vote at the Meeting Shareholders can cast their vote in any one of the modes only.
10. In case a shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode through remote e-voting, postal ballot or voting at the meeting will be considered in that serial order.
11. The Board of Directors has appointed Mr.S N Hitaish Kumar, Practicing Company Secretary (Membership No. 6564, CPNo. 6553) as the Scrutinizer to scrutinize the e- Voting/Ballot/ Poll process in a fair and transparent manner.
12. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of polling paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
13. The Scrutinizer shall immediately after the conclusion of the voting at the general meeting, will first count the votes cast at the meeting through poll paper, then unblock the votes cast through e voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman or any person authorised by the Chairman in writing, who shall countersign the same.
14. The Chairman or the person authorised by him in writing, shall forthwith on receipt of the Consolidated Scrutinizer's Report declare the Results of the voting. The resolutions shall be deemed to be passed on the AGM Date subject to the receipt of requisite no of votes.
15. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.sipaper.com](http://www.sipaper.com) and on the website of service provider (<https://evoting.karvy.com>) immediately after the results are declared by the Chairman. The Company shall simultaneously forward the results to BSE Limited where the shares of the Company are listed.



**Route / Directions to reach the AGM Venue on 20<sup>th</sup> September, 2018:**

Company is located on the N.H. 766, Mysuru Ooty road, at a distance of 15 kms from Mysuru towards Ooty and 5 Kms from Nanjangud.



59<sup>th</sup>  
Annual Report  
2017-18

***THE SOUTH INDIA PAPER MILLS LIMITED***

Regd Office: Chikkayanachatra, Nanjangud - 571302, Karnataka State, India

CIN: L85110KA1959PLC001352

Phone No. (08221) 228265, 228267, 228266, Fax: No.(08221) 228270

Website: www.sipaper.com Email: corporate@sipaper.com

Dear Shareholder(s),

- Sub.: (1) Mandatory updation of PAN and Bank details against your physical holding  
(2) No physical transfers pursuant to SEBI- LODR notification**

The Securities and Exchange Board of India has by its circular SEBI/HO/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018 mandated that the Companies through their Registrar and Transfer Agents (“RTA”) take special efforts for collecting copies of PAN and bank account details for the security of the holders holding securities in physical form.

Those security holders whose folio(s) do not have complete details relating to their PAN and Bank Account, or where there is any change in the bank account details provided earlier, have to compulsorily furnish the details to RTA/ Company for registration /updation.

As per the records available with us, your folio needs to be updated with the PAN/Bank Account details. You are therefore requested to submit the following to update the records immediately on receipt of the letter to enable us to update the records.

**ACTION REQUIRED FROM YOU**

- Enclosed format duly filled in and signed by all the shareholders
- Self-attested copy of Pan Card of all the holders of the security
- Cancelled Cheque leaf with name (if name is not printed, self-attested copy of the pass book showing the name of the account holder) of the first holder

**Members may please be informed that, pursuant to SEBI LODR Amendment Regulations, effective 5<sup>th</sup> December, 2018, requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository. Hence investors are encouraged to demat their physical holding for any further transfer.**

In case if you have any queries or need any assistance in this regard, please contact;

<b>The South India Paper Mills Limited</b> Registered Office: Chikkayanachatra, Nanjangud -571302, Karnataka State, India Phone No: (08221) 228265, 228267, 228266 Fax No: (08221) 228270 Website: www.sipaper.com; E-mail: corporate@sipaper.com	M/s Karvy Computershare Pvt. Ltd. Unit : <b>The South India Paper Mills Limited</b> Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Toll Free No.: 1800-3454-001 Email : einward.ris@karvy.com
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Thanking you,

Yours faithfully,

For **The South India Paper Mills Limited**

Sd/-

**Manish M Patel**

**Managing Director**



**FORMAT FOR FURNISHING THE PAN AND BANK MANDATE DETAILS**

To

Karvy Computershare Private Limited  
 Karvy Selenium Tower B, Plot 31-32,  
 Gachibowli, Financial District, Nanakramguda,  
 Hyderabad - 500 032

Dear Sir,

**Unit: THE SOUTH INDIA PAPER MILLS LIMITED**

I/ We furnish below our folio details along with PAN and Bank mandate details for updation and doing the needful.  
**I/we are enclosing the self-attested copies of PAN cards of all the holders, original cancelled cheque leaf, Bank pass book as required for updation of the details:**

<b>Folio No.</b>	
<b>Address of the First shareholder</b>	
<b>Mobile No</b>	
<b>E-Mail id</b>	

**Bank Account Details : (for electronic credit of unpaid dividends and all future dividends)**

<b>Name of the Bank</b>									
<b>Name of the Branch</b>									
<b>Account Number (as appearing in your cheque book)</b>									
<b>Account Type (Saving / Current / Cash Credit)</b>	<b>10- Savings</b>			<b>11- Current</b>			<b>12- Cash credit</b>		
<b>9 Digit MICR Number (as appearing on the MICR cheque issued by the bank) Please enclos a photocopy of a cheque for verification</b>									
<b>11 Digit IFSC Code</b>									

	<b>PAN No.</b>	<b>Name</b>	<b>Signature</b>
<b>First Holder :</b>			
<b>JointHolder1 :</b>			
<b>JointHolder2 :</b>			

**Date:****Place:**

**NB: The above details will not be updated if the supporting documents are not attached and not duly signed by all the shareholders.**

**Note:**

- (1) In case there is any change in the residential address, Kindly provide self attested Aadhar Card copy for updation of address.
- (2) In case there is any change in any name of the holders, please provide requisite proof for the same



**THE SOUTH INDIA PAPER MILLS LIMITED**

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Website: www.sipaper.com Email: corporate @sipaper.com

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

Name of the Member(s) :

Folio No./ DP ID/ Client ID :

Registered Address :

E-mail:

I / We, being the Member(s) of \_\_\_\_\_ shares of The South India Paper Mills Ltd, hereby appoint :

1. Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email ID : \_\_\_\_\_

Signature : \_\_\_\_\_

(Or failing him/her )

2. Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email ID : \_\_\_\_\_

Signature : \_\_\_\_\_

(Or failing him/her )

3. Name : \_\_\_\_\_

Address : \_\_\_\_\_

Email ID : \_\_\_\_\_

Signature : \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 59<sup>th</sup> Annual General Meeting (AGM) of the Company, to be held on Thursday, 20<sup>th</sup> day of September, 2018 at 3.30 p.m. at Chikkayanachatra, Nanjangud - 571302, Karnataka at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution Number	Description	Vote (Optional) ✓		
		For	Against	Abstain
<b>Ordinary Business</b>				
1	Adoption of Accounts for the Financial Year ended 31 <sup>st</sup> March, 2018			
2	Declaration of Dividend for the financial year ended 2017-18			
3	To appoint a Director in place of Mr Dineshchandra C Patel (DIN 00167581), who retires by rotation and is eligible for reappointment			
<b>Special Business</b>				
4	Ratification of appointment of Statutory Auditors			
5	Re appointment of Managing Director and remuneration of Managing Director			
6	Increase in borrowing powers of the Board			
7	Creation of charge / Providing of security			

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ September 2018.

Signature of the Shareholder \_\_\_\_\_

Affix.  
Rs.1  
Revenue  
Stamp

Signature of the Proxy holder(s) \_\_\_\_\_

**NOTE:** 1. This form of proxy, in order to be effective, should be duly completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting. The Proxy need not be a Member of the Company.



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**POSTAL BALLOT FORM**

SI No.	Particulars	Details
1.	Name of the First Named shareholder / Joint holder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No / DP and Client ID No.	
4.	Class of Shares	Equity

I hereby exercise my vote in respect of the Resolutions enumerated below as mentioned in the Notice of Annual General Meeting of the Company to be held on 20<sup>th</sup> September, 2018, by recording my assent or dissent to the said resolutions in the following manner :

S.No.	Resolution	Type of Resolution	No. of shares held	I / We assent to the resolution (FOR)	I / We dissent from the resolution (AGAINST)
1	Adoption of Accounts for the Financial Year ended 31 <sup>st</sup> March 2018	Ordinary			
2	Declaration of Dividend for the Financial Year ended 2017-18	Ordinary			
3	To appoint a Director in place of Mr Dineshchandra C Patel (DIN 00167581) who retires by rotation and is eligible or re appointment	Ordinary			
4.	Ratification of appointment of statutory auditors	Ordinary			
5.	Re appointment of Managing Director and Remuneration	Special			
6.	Increase in borrowing powers of the Board	Special			
7	Creation of charge / Providing of security	Special			

Place :

Date :

\_\_\_\_\_  
**Signature of the shareholder(s)**Note: Please send this postal ballot form duly filled in, so as to reach on or before 19<sup>th</sup> September, 2018.

Please read the instructions overleaf carefully before exercising your vote

# 59<sup>th</sup> Annual Report 2017-18

## Instructions

1. This Ballot Form is provided for the benefit of Members who do not have access to e voting facility, to enable them to send their assent or dissent by post.
2. Please complete and sign the Ballot form and send it to us so as to reach on or before 19<sup>th</sup> September 2018 to the Scrutinizer, Mr S N Hitaish Kumar, Practising Company Secretary (CP No 6553) at the Registered office of the Company at Chikkayanachatra, Nanjangud.
3. Ballot forms received by the scrutinizer after 5.00 p.m on 19<sup>th</sup> September 2018 shall not be considered.
4. The form should be signed by the Member as per the specimen signature registered with the Company/Depository Participants(s). In case of joint holding the form should be completed and signed by the First named shareholder and in his / her absence, by the next named joint holder. A power of attorney holder may vote on behalf of a member mentioning his registration number of POA registered with the Company or enclosing an attested copy of POA.
5. The right of voting by ballot form shall not be exercised by a Proxy.
6. In case shares are held by Companies, financial institutions, trusts, societies etc, the duly completed ballot form should be accompanied by a certified true copy of the relevant Board Resolution/ Authorisation.
7. Votes should be cast in case of each resolution, either in favour or against by putting the tick (√) mark in the column provided for assent / dissent in the Ballot.
8. The voting rights of shareholders shall be in proportion to the shares held by them in the Company as on the cut off date i.e 13<sup>th</sup> September, 2018.
9. A member may request for a duplicate ballot form, if so required. However the duly filled in and signed duplicate form should reach the scrutinizer on or before 19<sup>th</sup> September 2018, by 5.00 p.m
10. In the event a Member casts his votes through both processes, i.e E- voting and Ballot form, the votes cast through e voting shall prevail and Ballot form shall be treated as invalid.
11. Unsigned, incomplete or incorrectly ticked forms will be rejected and the decision of the Scrutiniser shall be final.





If undelivered please return to

**THE SOUTH INDIA PAPER MILLS LIMITED**

Regd. Office: Chikkayanachatra, Nanjangud - 571 302 Karnataka State, India