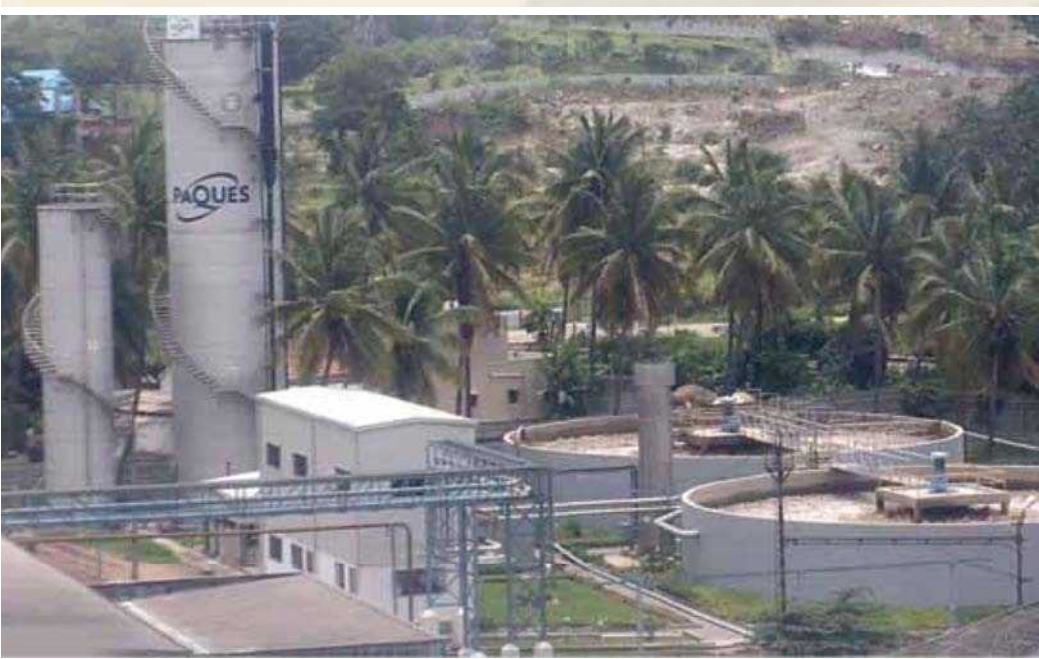




SIPM

THE SOUTH INDIA PAPER MILLS LIMITED



**60TH
ANNUAL
REPORT
2018-19**

BOARD OF DIRECTORS

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

Mr. Dineshchandra C. Patel, Bar-At-Law

Mr. Jagdish M. Patel, D.M.E

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

Mr. M.G. Mohan Kumar, B.Sc., LLB, FCA, Licentiate ICSI

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

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

Mr. Jitendra A. Patel, Diploma in Paper Technology (Sweden)

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 Fintech Pvt. Ltd.,

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

Nanakramguda, Serilingampally

Hyderabad – 500032 Telangana

Ph: (040) 6716 2222

REGISTERED OFFICE & MILL

Chikkayanachatra, Nanjangud - 571 302 Karnataka

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

Website: www.sipaper.com

E-Mails: corporate@sipaper.com, marketing@sipaper.com

Corporate Identity Number: (CIN)-L85110KA1959PLC001352

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 19th September, 2019 at 3.30 PM

DIRECTORS' REPORT

To

The Members

Your Directors hereby present the 60th Annual Report of the Company along with the audited accounts for the year ended 31st March, 2019.

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 earlier. Financial statements for the current year, including figures of the previous year are based on IndAS and this adoption has no major impact for the Statement of Profit and Loss.

for comparison

WORKING RESULTS

	2018-19	2017-18	2016-17
Finished Production of Paper & Paperboards	60,331 MTs	32,687 MTs	52,752 MTs
Conversion Quantity at the Box Plant (PPD)	28,127 MTs	15,522 MTs	26,196 MTs
	(₹ In Lacs)	(₹ In Lacs)	(₹ In Lacs)
Gross Sales	24,188.66	13,448.91	20,673.18
Net Sales excl Excise Duty	24,188.66	13,448.30	19,512.41
FINANCIAL RESULTS:			
Profit before interest, depreciation & tax	3,717.07	1,437.11	3,159.18
Less : Finance costs	445.37	477.70	388.43
Gross (Cash) Profit	3,271.70	959.41	2,770.75
Less : Depreciation	949.99	878.81	951.17
Profit before Tax	2,321.71	80.60	1,819.58
Less : Provision for Current tax	503.00	16.00	410.00
Less/(Add) : Deferred tax incl MAT credit entitlement	(19.01)	(30.68)	220.10
Profit after tax for the year	1,837.72	95.28	1,189.48
(Less) / Add : Tax Provision for earlier years	(0.97)	---	5.99
Net Profit after Tax	1,836.75	95.28	1,195.47

OPERATIONS

Gross sales for the financial year 2018-19 rose to ₹ 241.89 crores as against ₹ 134.49 crores in the previous year. In the previous year (FY 2017-18), Sales and operating volumes were lower, owing to labour strike at the Paper Mills upto 26th July 2017 and at Printing & Packaging Division upto mid August 2017 and hence the figures of FY 2017-18 are not comparable with FY 2018-19.

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Business was restored and in the FY 2018-19, volumes have improved, aided by increased demand and exports. Operation at the Paper Mill was higher at 91% of the Capacity during the year.

Printing & Packaging Division too operated with higher Conversion tonnage.

Profit before interest, depreciation, tax (PBDIT) in FY 2018-19 increased to ₹3,717 lacs from ₹1,437 lacs, owing to full year of operation. Finance costs were lower at ₹ 445 lacs from ₹478 lakhs as the Company has used the internal accruals available, in place of short term bank borrowings. After making a depreciation provision of ₹950 lacs (Previous year 879 lacs), profit before tax was ₹ 2,322 lacs (Previous year ₹ 81 lacs). After making a provision for tax of ₹ 503 lakhs (16 lacs) & considering deferred tax & MAT credit of 19 lacs (31 lacs in the previous year), net profit stood at ₹ 1,837 lacs. (PY 95 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	3,667	Repayment of Term Loans	547
Interest receipts	48	Capital Expenditure & Advances	1,276
Term Loan drawn from Bank	200	Finance Cost	444
Decrease in working capital	203	Income tax Paid	522
Others	5	Dividend & Dividend Tax	180
		Decrease in short term Bank Borrowings	1,154
Total	4,123	Total	4,123

	31.03.19	31.03.18
Long Term Debt to Equity Ratio	0.22	0.27
Current Ratio	2.62	1.99

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

DEPOSITS

The Company has neither accepted or 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- and a short term rating of [ICRA]A2+ to the Company's line of credit. Long term rating is reaffirmed with negative outlook (from stable outlook), considering the proposed borrowing for the Expansion Project.

CURRENT PROSPECTS

The market conditions for paper, though generally competitive, is favourable for quality products in the segment in which the Company operates. Market for corrugated boxes continue to be extremely competitive, as industry shifts towards a new technological paradigm and consequent higher capacities in corrugation.

An increase in paper making capacity through brown-field investment is under implementation.

Overall Turnover and operating profit during the first quarter of the current financial year is expected to be normal.

CAPITAL EXPENDITURE PLANS

New ETP facility for conserving water and meeting the pollution control norms even on the proposed capacity expansion of the paper mill was installed during the year under review.

The Company's plan for expansion of the production capacity of paper mill by installing PM6 (Paper Machine No.6) at an estimated cost of about ₹ 190 crores is under implementation. Production capacity is being increased from the present 200 MTPD (Metric Tonnes Per Day) to 460 MTPD. This will be financed through Bank Term Loan of ₹ 110 crores & internal accruals of ₹ 80 crores. Project is scheduled to be commissioned by June 2020. This investment in PM6 should further the good standing of Company's products.

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 :

While preparing the Annual Accounts, the Company has followed the applicable Accounting Standards;

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 31-3-2019 & of the profit of the Company for the financial year 2018-19.

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.

The Directors have prepared the annual accounts on a going concern basis.

The Directors have laid down internal financial controls to be followed by the Company and the controls are adequate and operating effectively.

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 change in the nature of business of the Company during the year.

There was no material changes and commitments in the business operations of the Company since the close of the financial year on 31ST March 2019 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

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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 weakness 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: 2015 Certification was awarded to the Printing & Packaging Division of the Company. This Certification issued is valid up to 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. New ETP facility for conserving water and meeting the pollution control norms even on the proposed capacity expansion of the paper mill was installed during the year under review. The treated effluent water is utilized for irrigation purposes in the nearby fields of third party farmers with excellent crop yields. The operating performance of the new ETP are excellent and the plant easily meets the stipulated water standards. The new ETP also enables the complete recirculation of process water without adverse effects on product quality.

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 15% i.e. ₹ 1.50 per equity share of ₹ 10 each (last year 10% i.e. Re 1.00 per share). The total distribution including dividend tax amounts to ₹271.25 lacs (₹ 180.83 lacs).

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

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.

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

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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 cordial and harmonious. A 6 year Wage settlement agreement signed with workers' union at the Paper Mill will be in force upto 31-3-2022. In case of the Box unit, a 4 year Wage settlement agreement signed with workers' union will be in force upto 31-3-2020.

DIRECTORS

In terms of Section 152 of the Companies Act, 2013 Mr Jitendra A Patel (DIN 00248302) retires by rotation and he, being eligible, offers himself for reappointment. Your Directors recommend his reappointment.

Pursuant to the provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr M G Mohan Kumar, Mr S R Chandrasekara Setty, Mr Jagdish M Patel, Mr. N S Kishore Kumar and Mrs Girija Shankar were appointed w.e.f 31-03-2015, by the Company at the 56th Annual General Meeting held on 10th September 2015. The tenure of Independent Directors was for a period of 5 years and will end on 31-03-2020. All the Directors are eligible to be appointed for a second term in office for tenure upto 5 years as Independent Directors under the Companies Act 2013.

The Nomination and Remuneration Committee of the Board at its meeting held in May 2019 recommended the re-appointment of Independent Directors for a second term from 1st April 2020 to 31st March 2025. The re-appointment of Independent Director for a second term, however require the Company to pass a special resolution in general meeting as per Section 149 (10) of the Companies Act 2013. Further Regulation 17(1A) of the SEBI (LODR) Regulations 2015, requires special resolution to be passed for the appointment or continuance in any office of any person beyond the age of 75 years as Non executive Director. Mr S R Chandrasekara Setty and Mr Jagdish M Patel have attained the age of 75 years. Accordingly approval of the shareholders is sought by way of special resolution for re appointment of all the Independent Directors.

The resolution for re-appointment of these directors as Independent Directors for a second term of 5 years is now being placed before the Members for their approval.

Your directors recommend the resolution set out in Item Nos. 4 to 8 of the notice for the approval by the members of the Company.

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 27-03-2019, 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

M/s. Murthy Swamy & Associates LLP, Chartered Accountants continue to be the statutory auditors of the Company. At the 59th Annual General Meeting of the Company held on 20th September, 2018, shareholders ratified the appointment of M/s. Murthy Swamy & Associates LLP, Chartered Accountants to hold office for a period of four years commencing from the conclusion of 59th AGM, till the conclusion of 63rd AGM, without seeking any further ratification of their appointment from the shareholders of the company for their appointment as statutory auditors till the conclusion of their tenure.

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

STATEMENT ON COMPLIANCES OF APPLICABLE SECRETARIAL STANDARDS

The company has complied with the applicable secretarial standards.

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 2018-19. The Secretarial Audit Report in Form MR 3 is annexed.

There are no qualifications in the Secretarial Audit Report.

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 2018-19.

COST AUDIT

Company's products are not notified for Cost Audit in FY 2018-19.

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
23rd May, 2019

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 18 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.

iv) Outlook:

Growth rate of the Indian economy was about 6.8% in 2018-19 as against 7.1% in 2017-18. Growth forecast for 2019-20 is about 7%.

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

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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 2018-19 rose to ₹ 241.89 crores as against ₹ 134.49 crores in the previous year. In the previous year (FY 2017-18), Sales and operating volumes were lower, owing to labour strike at the Paper Mills upto 26th July 2017 and at Printing & Packaging Division upto mid August 2017 and hence the figures of FY 2017-18 are not comparable with FY 2018-19.

Business was restored and in the FY 2018-19, volumes have improved, aided by increased demand and exports. Operation at the Paper Mill was higher at 91% of the Capacity during the year,

Printing & Packaging Division too operated with higher Conversion tonnage.

Profit before interest, depreciation, tax (PBDIT) in FY 2018-19 increased to ₹3,717 lacs from ₹1,437 lacs, owing to full year of operation. Finance costs were lower at ₹ 445 lacs from ₹ 478 lakhs as the Company has used the internal accruals available, in place of short term bank borrowings. After making a depreciation provision of ₹ 950 lacs (Previous year 879 lacs), profit before tax was ₹ 2,322 lacs (Previous year Rs 81 lacs). After making a provision for tax of ₹ 503 lakhs (16 lacs) & considering deferred tax & MAT credit of 19 lacs (31 lacs in the previous year), net profit stood at ₹ 1,837 lacs. (PY 95 lacs)

Key Financial Ratios

The Management had reviewed the changes in key financial ratios and have noted significant changes in all the ratios as given below :

	FY 2018-19	FY 2017-18	% change	Remarks
Revenus from operation Rs in lakhs	24,250	13,467	80%	Revenue increased in Current year due to full year of operation as against labour strike in prev year, which resulted in abnormally lower turnover/ revenue
Operating Profit Margin (%) (PBDIT)	15.33%	10.67%	44%	Operating margins improved on higher volumes
Net Profit Margin (%) (PAT)	7.58%	0.71%	974%	Net profit increased on improved volume
Interest Coverage ratio (PBIT/Interest) in times	6.22	1.17	433%	earnings of full year of operation as against lower earnings due to strike in previous year
Return on Networth (PAT/ Equity)	13.15%	0.67%	1856%	earnings of full year of operation as against lower earnings due to strike in previous year
Debtors Turnover ratio (as a % of revenue)	16.38%	28.42%	-42%	Debtors level is normal. Last years high ratio, arising because of lower turnover, as explained above
Inventory Turnover ratio (as a % of revenue)	15.01%	26.05%	-42%	Inventory level is normal. Last years high ratio, arising because of lower turnover, as explained above
Current Ratio	2.62	1.99	32%	on improved liquidity
Debt Equity ratio	0.22	0.27	-19%	Due to repayment of Term loans

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

The industrial relations climate in the Company during the year was cordial and harmonious. A 6 year Wage settlement agreement signed with workers' union at the Paper Mill will be in force upto 31-3-2022. In case of the Box unit, a 4 year Wage settlement agreement signed with workers' union will be in force upto 31-3-2020.

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 31st March 2019, the Company had on its rolls, 374 employees consisting of 234 workmen and 140 technical/ supervisory/ Administrative staff in different locations.

ANNEXURE TO THE DIRECTORS' 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 there under & 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 DIRECTORS' 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 : 23rd May, 2019

Manish M Patel
Chairman & Managing Director
For and on behalf of the Board of Directors

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Form No MGT -9 EXTRACT OF ANNUAL RETURN

As on Financial Year ended 31-03-2019

[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 FINTECH 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:

Sl 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	49.07%
2	Manufacture of corrugated paper & paperboard and containers of paper and paper board	1702	47.72%

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

Sl No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1					
		NOT APPLICABLE			
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 01.04.2018				No of shares held at the end of the year 31.03.2019				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
1)	Indian									
a)	Individual /HUF	3823774	418236	4242010	28.28	3970470	800	3971270	26.48	-1.80
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
	Sub Total (A)(1)	3823774	418236	4242010	28.28	3970470	800	3971270	26.48	-1.80
2)	Foreign									
a)	NRI's - Individuals	0	2245720	2245720	14.97	1499192	811560	2310752	15.41	0.43
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
	Sub Total (A)(2)	0	2245720	2245720	14.97	1499192	811560	2310752	15.41	0.43
	Total shareholding of Promoters (A) = (A)(1)+(A)(2)	3823774	2663956	6487730	43.25	5469662	812360	6282022	41.88	-1.37
B	Public Shareholding									
1	Institutions									
(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	0	0	0	0	0	0	0	0
(h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0

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	Category of shareholders	No of shares held at the beginning of the year 01.04.2018				No of shares held at the end of the year 31.03.2019				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(i)	Others (specify)	0	0	0	0	0	0	0	0	0
	Foreign Portfolio Investor	19943	0	19943	0.13	0	0	0	0	-0.13
	Sub Total (B)(1)	269943	13200	283143	1.89	250000	13200	263200	1.75	-0.13
2	Non Institutions									
a)	Bodies Corporate									
	(i) Indian	445370	35200	480570	3.20	324821	35200	360021	2.40	-0.80
	(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	1527222	594734	2121956	14.15	1618222	523934	2142156	14.28	0.13
	(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4655788	169740	4825528	32.17	4860273	161740	5022013	33.48	1.31
c)	Others (Specify)									
	Clearing Members	3407	0	3407	0.02	928	0	928	0.01	-0.02
	Non Resident Indians	334941	116000	450941	3.01	522996	104000	626996	4.18	1.17
	Trust / Welfare Fund	0	38000	38000	0.25	0	38000	38000	0.25	0.00
	HUF	166215	0	166215	1.11	156864	0	156864	1.05	-0.06
	NBFC regd with RBI	34710	0	34710	0.23	0	0	0	0.00	-0.23
	IEPF	107800	0	107800	0.72	107800	0	107800	0.72	0.00
	Sub Total (B)(2)	7275453	953674	8229127	54.86	7591904	862874	8454778	56.37	1.50
	Total public shareholding (B) = (B)(1) + (B)(2)	7545396	966874	8512270	56.75	7841904	876074	8717978	58.12	1.37
C	Shares held by custodian for GDR's and ADR's	0	0	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	11369170	3630830	15000000	100.00	13311566	1688434	15000000	100.00	0.00

(ii) Shareholding of promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% 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	0	0.00	0	-3.78
6	Sanjay S. Patel	258757	1.73	0	203747	1.36	0	-0.37
7	Ajay D Patel	332752	2.22	0	332752	2.22	0	0.00
8	Ansuyaben M Patel	284400	1.90	0	284400	1.90	0	0.00
9	Manish M Patel	218252	1.46	0	218252	1.46	0	0.00
10	Shishir Praful Patel	180020	1.20	0	387796	2.59	0	1.39
11	Meeta Virat Patel	171000	1.14	0	171000	1.14	0	0.00
12	Uma Mahendra Patel	143560	0.96	0	143560	0.96	0	0.00
13	Mrudulaben P. Patel	143560	0.96	0	143560	0.96	0	0.00
14	Manjulaben A. Patel	143560	0.96	0	0	0.00	0	-0.96
15	Aruna Nareshbhai Patel	156600	1.04	0	156600	1.04	0	0.00
16	Ranjanben S. Patel	410096	2.73	0	402701	2.68	0	-0.05
17	Aparna Ramesh Patel	75852	0.51	0	75852	0.51	0	0.00
18	Priti Rameshchandra Patel	75848	0.51	0	75848	0.51	0	0.00
19	Sandhya J Patel	373344	2.49	0	373344	2.49	0	0.00
20	Vandhana Manish Patel	248542	1.66	0	248549	1.66	0	0.00
21	Jyotiben Ramesh Patel	57144	0.38	0	57144	0.38	0	0.00
22	Beena Ankit Patel	56700	0.38	0	56700	0.38	0	0.00
23	Reena Sachin Patel	49100	0.33	0	49100	0.33	0	0.00
24	Avani Shamit Patel	64000	0.43	0	64250	0.43	0	0.00

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Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			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	
25	Alpana S. Patel	97964	0.65	0	97964	0.65	0	0.00
26	Sheilja Dipam Patel	28572	0.19	0	387796	2.59	0	2.39
27	Vatsala U. Patel	148544	0.99	0	148544	0.99	0	0.00
	Total	6487730	43.25	0	6282022	41.88	0	-1.37

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

Sl No.	Name	Shareholding at the beginning of the year 01.04.2018		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	258757	1.73	258757	1.73
	06.04.2018 - Sale	-1900	-0.01	256857	1.71
	11.04.2018 - Sale	-11000	-0.07	245857	1.64
	15.06.2018 - Sale	-1500	-0.01	244357	1.63
	22.06.2018 - Sale	-1000	-0.01	243357	1.62
	13.07.2018 - Sale	-700	0.00	242657	1.62
	03.08.2018 - Sale	-5500	-0.04	237157	1.58
	31.08.2018 - Sale	-1000	-0.01	236157	1.57
	07.09.2018 - Sale	-400	0.00	235757	1.57
	21.09.2018 - Sale	-16700	-0.11	219057	1.46
	02.11.2018 - Sale	-2000	-0.01	217057	1.45
	30.11.2018 - Sale	-3000	-0.02	214057	1.43
	07.12.2018 - Sale	-1100	-0.01	212957	1.42
	14.12.2018 - Sale	-700	0.00	212257	1.42
	28.12.2018 - Sale	-1300	-0.01	210957	1.41
	11.01.2019 - Sale	-710	0.00	210247	1.40
	18.01.2019 - Sale	-4000	-0.03	206247	1.37
	01.02.2019 - Sale	-2500	-0.02	203747	1.36
	Closing Balance as on 31.03.2019			203747	1.36
2	Ranjanben Suresh Patel				
	At the beginning of the year	410096	2.73	410096	2.73
	14.09.2018 - Sale	-405	0.00	409691	2.73

Sl No.	Name	Shareholding at the beginning of the year 01.04.2018		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	12.10.2018 - Sale 26.10.2018 - Sale 16.11.2018 - Sale Closing balance as on 31.03.2019	-2000 -1000 -3990	-0.01 -0.01 -0.03	407691 406691 402701 402701	2.72 2.71 2.68 2.68
3	Vandhana M Patel At the beginning of the year 22.06.2018 - Purchase Closing balance as on 31.03.2019	248542 7	1.66 0.00	248542 248549 248549	1.66 1.66 1.66
4	Avani Shamit Patel At the beginning of the year 06.04.2018 - Purchase Closing balance as on 31.03.2019	64000 250	0.43 0.00	64000 64250 64250	0.43 0.43 0.43
5	Prafulchandra C Patel At the beginning of the year 10.04.2018 - Sale / Transfer 20.04.2018 - Sale / Transfer Closing balance as on 31.03.2019	567000 -207776 -359224	3.78 -1.39 -2.39	567000 359224 0 NIL	3.78 2.39 - NIL
6	Shishir Praful Patel At the beginning of the year 10.04.2018 - Purchase Closing balance as on 31.03.2019	180020 207776	1.20 1.39	180020 387796 387796	1.20 1.39 2.59
7	Sheilja Dipam Patel At the beginning of the year 20.04.2018 - Purchase Closing balance as on 31.03.2019	28572 359224	0.19 2.39	28572 387796 387796	0.19 2.59 2.59
8	Manjulaben A Patel At the beginning of the year 10.10.2018 - Sale Closing balance as on 31.03.2019	143560 -143560	0.96 -0.96	143560 0 NIL	0.96 - NIL

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(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 01.04.2018		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 At the end of the year 31.03.2019	900000	6.00	900000	6.00
2	Seema Goel At the beginning of the year At the end of the year 31.03.2019	642000	4.28	642000	4.28
3	Yamini M Patel At the beginning of the year At the end of the year 31.03.2019	471308	3.14	471308	3.14
4	Naina Rajendrabhai Patel At the beginning of the year At the end of the year 31.03.2019	358000	2.39	358000	2.39
5	Urmilaben Jagdishbhai Patel At the beginning of the year At the end of the year 31.03.2019	199302	1.33	199302 199302	1.33 1.33
6	K S I I D C At the beginning of the year At the end of the year 31.03.2019	190000	1.27	190000	1.27
7	Devendra Chinubhai Desai At the beginning of the year At the end of the year 31.03.2019	156600	1.04	156600	1.04
8	Deepak Ghanshyam Ladha At the beginning of the year 06.04.2018 - Sale 13.04.2018 - Sale 20.04.2018 - Sale 27.04.2018 - Sale 01.06.2018 - Sale 08.06.2018 - Sale 22.06.2018 - Sale 29.06.2018 - Sale 06.07.2018 - Sale 13.07.2018 - Sale 27.07.2018 - Sale 03.08.2018 - Sale 10.08.2018 - Sale	148701 -450 -100 -4000 -4145 -570 -3200 -250 -750 -2500 -1000 -76 -3460 -1700	0.99 0.00 0.00 -0.03 -0.03 0.00 -0.02 0.00 -0.01 -0.02 -0.01 0.00 -0.02 -0.01	148701 148251 148151 144151 140006 139436 136236 135986 135236 132736 131736 131660 128200 126500	0.99 0.99 0.99 0.96 0.93 0.93 0.91 0.91 0.90 0.88 0.88 0.88 0.85 0.84

Sl No.	Names	Shareholding at the beginning of the year 01.04.2018		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	31.08.2018 - Sale	-2271	-0.02	124229	0.83
	07.09.2018 - Sale	-645	0.00	123584	0.82
	14.09.2018 - Sale	-2738	-0.02	120846	0.81
	21.09.2018 - Sale	-1846	-0.01	119000	0.79
	26.10.2018 - Purchase	850	-0.01	119850	0.80
	02.11.2018 - Sale	-850	-0.01	119000	0.79
	30.11.2018 - Sale	-1000	-0.01	118000	0.79
	21.12.2018 - Sale	-181	0.00	117819	0.79
	04.01.2019 - Sale	-1500	-0.01	116319	0.78
	11.01.2019 - Sale	-3200	-0.02	113119	0.75
	01.02.2019 - Sale	-995	-0.01	112124	0.75
	15.02.2019 - Sale	-6674	-0.04	105450	0.70
	22.02.2019 - Sale	-3000	-0.02	102450	0.68
	01.03.2019 - Sale	-1000	-0.01	101450	0.68
	At the end of the year 31.03.2019			101450	0.68
9	Jagdishbhai Mafatbhai Patel At the beginning of the year At the end of the year 31.03.2019	146400	0.98	146400	0.98
10	*Arvindkumar U Patel At the beginning of the year 10.10.2018 - Purchase At the end of the year 31.03.2019	0 143560	0.00 0.96	 143560 143560	 0.96 0.96

*The shareholder was not in the list of top 10 shareholders as on 31.03.2018. The same has been reflected above since the shareholder is one of the top 10 shareholder as on 31.03.2019.

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(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Names	Shareholding at the beginning of the year 01.04.2018		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 31.03.2019	218252	1.46	218252	1.46
2	Mr Dineshchandra C Patel - Director At the beginning of the year At the end of the year 31.03.2019	520043	3.47	520043	3.47
3	Mr Jagdish M Patel - Director At the beginning of the year At the end of the year 31.03.2019	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 31.03.2019	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 31.03.2019	2000	0.01	2000	0.01
6	Mr Ajay D Patel- Director At the beginning of the year At the end of the year 31.03.2019	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 31.03.2019	6400	0.04	6400	0.04
8	Mr Jitendra A Patel- Director At the beginning of the year At the end of the year 31.03.2019	447520	2.98	447520	2.98
9	Mrs Girija Shankar - Director At the beginning of the year At the end of the year 31.03.2019	NIL	NIL	NIL	NIL
9	Mr B Ravi Holla - CFO At the beginning of the year At the end of the year 31.03.2019	800	0.005	800	0.005
10	Mrs Vidya Bhat At the beginning of the year At the end of the year 31.03.2019	NIL	NIL	NIL	NIL

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 01/04/18				
(i) Principal Amount	5,294.53	232.67	-	5,527.20
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i)+(ii)+(iii)	5,294.53	232.67	-	5,527.20
Change in Indebtedness during the financial year				
Addition	200.00	-	-	200.00
Reduction	1,700.92	232.67	-	1,933.59
Net Change	-1,500.92	-232.67	-	-1,733.59
Indebtedness at the end of the financial year 31/03/19				
(i) Principal Amount	3,793.61	-	-	3,793.61
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i)+(ii)+(iii)	3,793.61	-	-	3,793.61

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VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and /or Manager :

FY 2018-19

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	102.59
	(b) Value of Perquisites under Section 17(2) of the Income Tax Act, 1961	0.48
	(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	16.14
	- others, specify	
5	Others - (Non Taxable)	1.38
	Total (A)	120.59
	Ceiling as per the Act	120.59

B Remuneration to other Directors (₹ in Lakhs)

Sl No.	Particulars of Remuneration	Name of Directors					
		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	0.90	1.00	0.40	0.90	0.50	3.70
(ii)	Commission	3.05	3.05	3.05	3.05	3.05	15.25
(iii)	Others, please specify	-	-	-	-	-	-
	Total (1)	3.95	4.05	3.45	3.95	3.55	18.95
	Other Non executive directors	Mr Dineshchandra C Patel	Mr Ajay D Patel	Mr Jitendra A Patel	Total Amount		
(i)	Fee for attending Board / Committee meetings	0.30	0.30	0.40			1.00
(ii)	Commission	3.05	3.05	3.05			9.15
(iii)	Others, please specify	-	-	-			-
	Total(2)	3.35	3.35	3.45			10.15
	Total (B) = (1+2)						29.10
	Total Managerial Remuneration (A+B)						149.69
	Overall Ceiling as per the Act						149.69

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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	-	4.24	13.10	17.34
	(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	0.22	0.44
	Total	-	4.46	13.32	17.78

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			NOT APPLICABLE		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

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 - 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 2018-19.
 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 2018-19 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 : 23rd May 2019

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 31st March, 2019.

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.

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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 auxillaries, feed water pumps, ID Fan, PA Fan, SA Fan
- xxi) Installed Electronic water meter at various consumption points such as Cooling tower, DMPlant, 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.
- xxiv) Installed Variable Frequency Drives in ETP fans and Pumps.

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

		2018-19	2017-18
		₹ in Lakhs	₹ in lakhs
	Total Foreign exchange used :		
A	Raw Materials	5,177.90	3,861.80
B	Stores, Spares, Consumables	201.17	87.83
C	Capital Goods	656.84	367.87
D	Commission & Brokerage	9.24	-
E	Travelling Expenses	9.71	2.51
		6,054.86	4,320.01
	Total Foreign exchange earned :	1,048.87	25.61

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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 31st March, 2019

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	18% -3% 3%
3	The percentage increase in the median remuneration of employees in the financial year		19%
4	The number of permanent employees on the rolls of the Company		374
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	10.59% 14.91%
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 31st March, 2019.

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, 60, B.E.Hons. (ChE), M.B.A.	Managing Director from 20/5/04 10-09-1985(33)	120.59	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, commmission 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 : 23rd May, 2019

Manish M Patel
Chairman & Managing Director

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REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES(CSR) FOR THE FINANCIAL YEAR 2018-19

[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

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 : ₹ 1,828.71 lakhs

4. Prescribed CSR expenditure (2% of the amount as in Item 3 above) ₹ 36.57 lakhs

5. Details of CSR spent during the Financial year

- (a) Total amount to be spent for the financial year : ₹ 36.57 lakhs
- (b) Amount unspent, if any : ₹ 36.00 Lakhs
- (c) Manner in which the amount spent during the financial year is detailed below

₹ in lakhs

(i) Paper given to the school for the blind	0.57
Total amount spent	0.57

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.

However the Company has spent ₹ 0.57 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
23rd May 2019

Manish M Patel
Chairman of CSR Committee

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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 31.03.2019.

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 4 Board Meetings were held.

Board Meeting Dates are furnished below

- 24th May 2018
- 19th July 2018
- 25th October 2018
- 24th January 2019

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 20 th September, 2018
Mr. Manish M. Patel	4	Yes
Mr. Dineshchandra C. Patel	3	No
Mr. Jagdish M. Patel	4	No
Mr. M.G. Mohan Kumar	4	No
Mr. S.R. Chandrasekara Setty	4	Yes
Mr. Ajay D. Patel	3	No
Mr. N S Kishore Kumar	4	No
Mr. Jitendra A Patel	4	No
Mrs. Girija Shankar	4	No

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.

Name of Director	No. of other Companies in which Director	No. of Committees(other than SIPM Ltd.) in which member/ Chairman	Directorship in other listed entities and category of directorship
Mr. Manish M. Patel	4	4 (Including 3 as Chairman)	-
Mr.Dineshchandra C. Patel	1	-	-
Mr.Jagdish M. Patel	-	-	-
Mr. M.G. Mohan Kumar	7	2(as Chairman)	Starcom Information Technology Ltd – Independent Director
Mr.S.R. Chandrasekara Setty	-	-	-
Mr. Ajay D. Patel	4	-	-
Mr. N S Kishore Kumar	-	-	-
Mr. Jitendra A Patel	2	-	-
Mrs Girija Shankar	-	-	-

DETAILS OF INDEPENDENT DIRECTOR’S MEETING

A separate meeting of Independent Director’s was held on 27-03-2019 and it was attended by all the Independent Director’s except Mr N S Kishore Kumar.

The Board of Directors confirm that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

Details of familiarization programme imparted to the Independent Directors is placed on the website www.sipaper.com.

CORE SKILLS / EXPERTISE / COMPETENCIES OF DIRECTORS

The Board of Directors of the Company comprise of eminent qualified professional members from diverse fields who have significant amount of skills/ expertise/ competencies and thus make valuable contributions to the Board. The collective contribution of the Board of Directors makes an overall impact which reflects in the performance of the Company.

The core skills/ expertise/ competencies identified by the Board, as required in the context of its business and its sector for effective functioning , which are currently available with the Board are :

- Experience in operating and managing manufacturing business
- Expertise in finance including treasury and foreign exchange
- Expertise in overall management and administration
- Commitment to comply with legal and regulatory norms
- Social and environment consciousness

The board is satisfied that its Directors possess requisite skills for the effective functioning of the Company.

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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	4
Mr.S.R. Chandrasekara Setty – Joint Chairman	4
Mr. Jagdish M Patel	4

The Company Secretary of the Company is the secretary of the Committee

The Audit Committee met four times during the financial Year 2018-2019 i.e on

- 24th May 2018
- 19th July 2018
- 25th October 2018
- 24th January 2019

4. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee was constituted vide Board Meeting held on 30th 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.

The Nomination & Remuneration Committee comprises of the following Directors

Name

1. Mr. M.G. Mohan Kumar-Chairman
2. Mr.S.R. Chandrasekara Setty
3. Mr. Jagdish M Patel

No meetings were held during the year

Performance evaluation criteria of Independent Directors :

- (a) Attending Board/ Committee Meetings
- (b) Going through Agenda papers and providing inputs in the meetings of the Board / Committees
- (c) Guidance to the Company from time to time on the various issues brought to their notice
- (d) 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)	Commission ₹ in Lakhs	Total ₹ in Lakhs
Mr. Dineshchandra C Patel	0.30	3.05	3.35
Mr. Jagdish M Patel	0.90	3.05	3.95
Mr. M G Mohan Kumar	0.90	3.05	3.95
Mr. S R Chandrasekara Setty	1.00	3.05	4.05
Mr. Ajay D Patel	0.30	3.05	3.35
Mr. N S Kishore Kumar	0.40	3.05	3.45
Mr. Jitendra A Patel	0.40	3.05	3.45
Mrs. Girija Shankar	0.50	3.05	3.55
Total	4.70	24.40	29.10

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 further approved by the members of Company in General Meeting by special resolution. Remuneration paid/ provided to Mr. Manish M Patel for 2018-2019, is as follows:

	₹ in lakhs
Salary	90.00
Perquisites	13.24
Commission on net profits of the Company	16.14
Contribution to Provident Fund	0.21
Contribution to Super Annuation Fund	1.00
Total	120.59

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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 18 times during the year on 14-04-2018, 20-04-2018, 24-05-2018, 20-06-2018, 19-07-2018, 10-08-2018, 31-08-2018, 23-09-2018, 10-10-2018, 20-10-2018, 25-10-2018, 10-12-2018, 21-12-2018, 31-12-2018, 24-01-2019, 09-03-2019, 20-03-2019 & 25-03-2019.

The Committee comprises of the following Directors and their attendance particulars during 2018-19 are as follows:

Name	No. of Meetings attended
Mr. M.G. Mohan Kumar – Chairman	18
Mr. S R Chandrasekara Setty	18

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 2018-2019 : Relating to Non credit of Demat shares/dividend/Bonus share certificate/ Share certificates after transfer, aggregating to 16
All 16 were resolved.
- No. of complaints not solved to the satisfaction of shareholders : Nil
- No. of pending complaints as on 31st March 2019 : 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

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 on 27-03-2019 and 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
2015-16	15 th September, 2016 at 3.30 p. m	Regd office at Chikkayanachatra, Nanjangud - 571302	No special resolution was passed
2016-17	26 th September, 2017 at 3.30 p. m	-do-	No special resolution was passed
2017-18	20 th September, 2018 at 3.30 p. m	-do-	Special resolution was passed for approval of 1. Reappointment of Mr Manish M Patel as Managing Director and remuneration. 2. Increase in borrowing powers of the Board 3. Creation of charge / providing of security

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. OTHER DISCLOSURES

Related Party Transactions:

Shareholdings of Directors of the Company as on 31st March 2019 are as follows

Sl. No.	Name of Director	Shareholding	
		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

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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.

COMPLIANCES BY THE COMPANY

The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub regulation 2 of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there was no instance of non-compliance by the Company nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any other statutory authority during the last three years on any matter related to Capital Markets.

Certificate from CS Hitaish Kumar S N, Practising Company Secretary, Mysuru has been obtained certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

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 23rd May 2019.

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 2018-19 on 20th September, 2018 and it was attended by Mr Manish M Patel and Mr S R Chandrasekara Setty.

REMUNERATION TO STATUTORY AUDITORS

Total fees paid by the Company to the statutory auditor M/s Murthy Swamy & Associates, LLP, Chartered Accountants, Mysuru (FRN S200065) have been provided in Notes to financial statement for Financial year ending 31st March 2019.

DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy in line with the provisions of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder for prevention and redressal of complaints of sexual harassment at workplace

- a. No of complaints filed during the financial year : NIL
- b. No of complaints disposed of during the financial year : NIL
- c. No of complaints pending as at the end of the financial year : NIL

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.

9. MEANS OF COMMUNICATION

The unaudited quarterly and half yearly results and 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 Vishwavani. 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.

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10. GENERAL SHAREHOLDER INFORMATION:

- AGM-Date, time and Venue 19th September, 2019 at 3.30 P.M.
At the Regd office at Chikkayanachatra,
Nanjangud-571 302.
- Financial Calendar April 1, 2019 to March 31, 2020
First Quarter Results Last week of July 2019
Second Quarter Results Last week of October 2019
Third Quarter Results Last week of January 2020
Audited Results for 2019-20 Last week of May 2020
First quarter Results of 2020-21 Last week of July 2020
Annual General Meeting September 2020
- Date of Book Closure 01/09/2019 to 24/09/2019
- Dividend payment date Before 10th October 2019
- Listing on Stock Exchanges BSE Limited,
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
Listing fees for 2019-2020 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 sensex.

Monthwise Market Prices Data – High, Low & Volume during 2018-2019

Date	High (₹)	Low (₹)	No. of Shares	BSE Sensex	
				High	Low
April 2018	128.00	111.10	82,276	35,213	32,973
May 2018	124.50	98.00	52,763	35,994	34,303
June 2018	103.50	90.50	59,887	35,877	34,785
July 2018	109.00	89.95	91,722	37,645	35,107
August 2018	119.40	103.00	1,17,896	38,990	37,129
September 2018	126.00	94.80	1,41,906	38,934	35,986
October 2018	103.05	92.05	89,266	36,617	33,292
November 2018	104.95	90.00	90,556	36,389	34,303
December 2018	98.00	84.55	57,179	36,555	34,426
January 2019	94.65	78.00	1,40,254	36,701	35,376
February 2019	85.00	76.95	1,04,472	37,172	35,287
March 2019	87.00	79.00	49,664	38,749	35,926

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 Fintech 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:-

Shareholding pattern as on 31st March 2019			
Sl. No.	Category	No. of Shares Held	Percentage of shareholding
A	Promoters' Holding		
1	Promoters*		
	- Indian Promoters	39,71,270	26.48%
	- Foreign Promoters	23,10,752	15.41%
	Sub Total	62,82,022	41.88%
B	Non-Promoters' Holding		
2	Institutional Investors		
A	Mututal Funds & UTI	1,200	0.01%
B	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions, Non-Government Institutions.)	2,62,000	1.75%
C	FII's / Foreign Portfolio Investors		
	Sub Total	2,63,200	1.75%
3	Others		
A	Private Corporate Bodies	3,60,021	2.40%
B	Indian Public	71,64,169	47.76%
C	NRIs	6,26,996	4.18%
D	Any other (please specify)		
	a) Welfare Fund / Trust	38,000	0.25%
	b) HUF	1,56,864	1.05%
	c) Clearing members	928	0.01%
	d) IEPF	1,07,800	0.72%
	Sub Total	84,54,778	56.37%
	Grand Total	1,50,00,000	100.00%

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Distribution of Shareholding as on 31 st March 2019				
Category	No. of Holders	%	No. of Shares	%
Upto 100 shares	918	23.01	51,324	0.34
101-200	576	14.45	1,09,167	0.73
201-500	1613	40.46	6,33,122	4.22
501-1000	325	8.15	2,62,361	1.75
1001-5000	350	8.78	7,98,188	5.32
5001-10000	72	1.81	5,08,954	3.39
10001-100000	102	2.56	34,27,509	22.85
100001 and Above	31	0.78	92,09,375	61.40
TOTAL	3,987	100.00	1,50,00,000	100.00

- 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 2nd January, 2002.

As on 31.03.2019, 2952 shareholders are holding shares in demat form and 1,33,11,566 shares have been dematerialized, representing 88.74% of the total equity capital.

- Outstanding GDRs/ADRs/Warrants

Not issued

Or any Convertible instruments

- Plant Locations

Chikkayanachatra, Nanjangud-571 302
Thandavapura, Nanjangud - 571 302
Karnataka State, INDIA

- Address for Correspondence

Our Registrars & Transfer Agents

Karvy Fintech 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 31st March, 2019.

For and on behalf of the Board

Bengaluru
Dated: 23rd May, 2019

Manish M Patel
Chairman & Managing Director

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, 2019, 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

Place : Bengaluru
Date : 23rd May, 2019

Narayana Swamy T S
Partner
Membership No.: 241535

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Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019
[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, 2019 (“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, 2019 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; [*Not applicable since the Company is a not a Registrar and Share Transfer Agent*]
 - 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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by the Central Government;
- (ii) Listing Agreement entered into by the Company with BSE Limited and 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes 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 and standards etc.

Mysuru,
23rd May 2019

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 31st March 2019 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
23rd May 2019

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The South India Paper Mills Limited
Nanjangud

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **The South India Paper Mills Limited** (“the Company”) which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2019, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Corporate Governance and Shareholder’s Information, but does not include the Ind AS financial statements and our auditor’s report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for Ind AS the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, change in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor’s responsibilities for the audit of the Ind AS financial statements is included in **Annexure A**. This description forms part of our auditor’s report.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in **Annexure B** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2019 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 Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure C**.

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- 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.
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - 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 Registration Number: S200065

Date : 23rd May 2019
Place : Bengaluru

Narayana Swamy T S
Partner
M No.: 241535

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENT

As part of the audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for **Murthy Swamy & Associates LLP**

Chartered Accountants,

Firm Registration Number: S200065

Narayana Swamy T S

Partner

M No.: 241535

Date : 23rd May 2019

Place : Bengaluru

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Annexure B referred to in clause 1 of paragraph on the 'Report on Other Legal & Regulatory Requirement' of our report of even date to the Financial Statements of the Company for the year ended March 31, 2019:

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 there under 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(I) 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	F. Y. 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		
Finance Act, 1994	Penalty	3,59,506	2003-04 to 2006-07	Commissioner Appeals, Mysore

Except dues stated above, 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 Registration Number: S200065

Date : 23rd May 2019
Place : Bengaluru

Narayana Swamy T S
Partner
M No.: 241535

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ANNEXURE C TO THE INDEPENDENT AUDITORS' REPORT

Annexure C referred to in “clause f of paragraph 2” on the ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Financial Statements of the Company for the year ended March 31, 2019:

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

We have audited the internal financial controls over financial reporting of **The South India Paper Mills Limited (“the Company”)** as of March 31, 2019 in conjunction with our audit of the 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 judgment, 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, 2019, 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 Registration Number: S200065

Date : 23rd May 2019
Place : Bengaluru

Narayana Swamy T S
Partner
M No.: 241535

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THE SOUTH INDIA PAPER MILLS LIMITED
BALANCE SHEET AS AT 31st MARCH, 2019

Particulars	Notes	As at 31.03.2019 ₹ in Lakhs	As at 31.03.2018 ₹ in Lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	3	13,229.68	13,002.92
Capital work in progress		782.01	1,482.59
Intangible assets	3	1.82	4.12
Other Non-Current Assets	4	1,020.69	530.87
		15,034.20	15,020.50
Current assets			
Inventories	5	3,640.20	3,507.94
Financial assets			
Trade receivables	6	3,970.82	3,826.61
Cash and cash equivalents	7	99.88	48.83
Other bank balances	8	676.40	184.97
Other Financial Assets	9	18.68	15.08
Other Current Assets	10	440.53	888.54
		8,846.51	8,471.97
TOTAL ASSETS		23,880.71	23,492.47
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	1,500.00	1,500.00
Other equity	12	14,103.81	12,469.40
TOTAL EQUITY		15,603.81	13,969.40
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13	3,217.04	3,563.97
Other Financial Liabilities	14	170.49	167.99
Provisions	15	28.62	24.31
Deferred tax liabilities (net)	16	1,492.86	1,525.82
		4,909.01	5,282.09
Current liabilities			
Financial liabilities			
Borrowings	17	14.80	1,168.79
Trade payables	18	2,176.41	1,750.52
Other Financial Liabilities	19	639.87	926.58
Other current liabilities	20	246.95	142.33
Provisions	21	289.86	252.76
		3,367.89	4,240.98
TOTAL LIABILITIES		8,276.90	9,523.07
TOTAL EQUITY AND LIABILITIES		23,880.71	23,492.47

Summary of significant accounting policies & key accounting estimates & judgements - see Notes 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

Narayana Swamy T S
Partner
Membership No.: 241535

Place : Bengaluru
Date : 23rd May, 2019

THE SOUTH INDIA PAPER MILLS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

Particulars	Notes	Year ended 31.03.2019 ₹ in Lakhs	Year ended 31.03.2018 ₹ in Lakhs
Income			
Revenue from Operations	22	24,249.58	13,467.06
Other income	23	80.39	194.19
Total Income		24,329.97	13,661.25
Expenses			
Cost of raw materials consumed	24	11,023.01	6,557.38
Purchases of Stock in Trade		-	32.98
(Increase) / Decrease in inventories	25	93.71	(88.40)
Excise duty on sale of goods		-	0.61
Employee benefits expense	26	2,236.32	1,543.96
Depreciation and amortisation expense	3	949.99	878.81
Finance costs	27	445.37	477.70
Other expenses	28	7,259.86	4,177.61
Total Expense		22,008.26	13,580.65
Profit before tax		2,321.71	80.60
Tax expenses			
Current tax		(503.00)	(16.00)
Tax expenses relating to prior years		(0.97)	
Deferred tax (incl. MAT Credit entitlement)		19.01	30.68
Total tax expenses		(484.96)	14.68
Profit for the year		1,836.75	95.28
Other comprehensive income/ (loss) (OCI)			
Income/ (loss) that will not be reclassified to profit or loss :			
Re-measurement gains/ (losses) on defined benefit plans		(30.34)	21.49
Less: Income tax effect on above		8.84	7.44
Other comprehensive income/ (loss) for the year, net of tax		(21.50)	14.05
Total comprehensive income/ (loss) for the year		1,815.25	109.33
Earnings per equity share (EPS)		₹	₹
Basic & Diluted EPS in Rupees	29	12.25	0.64

Summary of significant accounting policies & key accounting estimates & judgements - see Notes 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

Narayana Swamy T S
Partner
Membership No.: 241535

Place : Bengaluru
Date : 23rd May, 2019

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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.

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

A.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.

A.2 Property, plant and equipment (PPE)

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.

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.

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.

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
Tangible Assets :		
Buildings	30 to 60 Years	Nil to 5%
Roads	5 to 10 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
Intangible Assets :		
Software – Note 1	6 Years	Nil

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

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.

A.3 Revenue from contract with customer

The Company earns revenue from contract with customer primarily from sale of goods. Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11.

The impact of adoption of the standard on the financial statements of the Company is insignificant.

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Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer, it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

In accordance with the erstwhile Ind AS 18 on “Revenue” and Schedule III to the Companies Act, 2013, sales for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, VAT, Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly, the same is not recognised as part of sales as per the requirements of the erstwhile Ind AS 18 on “Revenue”, now replaced by Ind AS 115 on “Revenue from Contracts with Customers”

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue) The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods:

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

The revenue is collected immediately upon sale of goods or as per agreed credit terms which is within 30 to 50 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Variable Consideration:

Rights of return, volume discounts, or any other form of variable consideration is estimated using either the sum of probability weighted amounts in a range of possible consideration amounts (expected value), or the single most likely amount in a range of possible consideration amounts (most likely amount), depending on which method better predicts the amount of consideration realizable. Transaction price includes variable consideration only to the extent it is probable that a significant reversal of revenues recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price may involve judgment and are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Finance income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividend income:

Revenue is recognised when the Company's right to receive dividend is established, which is generally the shareholders' approval date.

Export Incentives:

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

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.

A.4 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).

A.5 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.

A.6 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.

A.7 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.

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A.8 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.

A.9 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 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.

A.10 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”.

A.11 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis. The Company has not entered into any finance lease arrangements.

A.12 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.

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.

A.13 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.

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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.

A.14 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.

A.15 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:

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 neither recognised nor disclosed in the financial statements.

A.16 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.

A.17 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.

B. 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.

B.1 Ind AS 116: Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value'

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assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company will adopt the aforesaid standards effective from April 01, 2019. As at the date of issuance of the Company's financial statements, the Company is in the process of evaluating the requirements of the aforesaid standards and the impact on its financial statements in the period of initial application.

B.2 Amendment to Ind AS 12 - Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements."

B.3 Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- b) to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect these amendments to have any significant impact on its Financial statements.

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.

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.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time during the year ending March 31, 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Company did not apply any of the other available optional practical expedients.

Notes to financial statements for the year ended March 31, 2019

₹ in Lakhs

NOTE 3

PROPERTY, PLANT AND EQUIPMENT / INTANGIBLE ASSETS

Description	Gross Block			Accumulated Depreciation				Net Block	
	As on 01.04.2018	Additions during the year	Deletions during the year	As on 31.03.2019	As on 01.04.2018	Depn for the year	Depn on Deletion	As on 31.03.2019	As on 31.03.2018
(i) TANGIBLE ASSETS									
Freehold Land	323.29	-	-	323.29	-	-	-	323.29	323.29
Building	2,777.96	17.02	-	2,794.98	797.41	109.99	-	1,887.58	1,980.55
Plant and Machinery	18,206.34	1,155.41	23.34	19,338.41	7,591.66	816.55	22.53	8,385.68	10,614.68
Office Equipment	48.71	0.27	-	48.98	47.78	0.64	-	48.42	0.93
Furniture and Fixtures	96.31	1.13	-	97.44	77.10	6.00	-	83.10	19.21
Vehicles	195.66	-	4.94	190.72	135.29	11.44	4.69	142.04	60.37
Computers	112.03	1.68	-	113.71	108.14	3.07	-	111.21	3.89
Total	21,760.30	1,175.51	28.28	22,907.53	8,757.38	947.69	27.22	9,677.85	13,002.92
Previous Year	22,052.49	480.84	773.03	21,760.30	8,444.14	875.15	561.91	8,757.38	13,608.35
(ii) INTANGIBLE ASSETS									
Computer Software	45.27	-	-	45.27	41.15	2.30	-	43.45	4.12
Total	45.27	-	-	45.27	41.15	2.30	-	43.45	4.12
Previous Year	45.27	-	-	45.27	37.49	3.66	-	41.15	7.78
(iii) CAPITAL WORK IN PROGRESS									
At Cost								782.01	1,482.59
Total								782.01	1,482.59
Total	21,805.57	1,175.51	28.28	22,952.80	8,798.53	949.99	27.22	9,721.30	14,489.63
Previous Year	22,097.76	480.84	773.03	21,805.57	8,481.63	878.81	561.91	8,798.53	15,098.72

Note: The Company has elected to avail exemption under 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.

Notes to financial statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹ in Lakhs	As at 31.03.2018 ₹ in Lakhs
<u>NON CURRENT ASSETS</u>		
Note 3 : Fixed Assets		
Property, plant & equipment	13,229.68	13,002.92
Capital work in progress	782.01	1,482.59
Intangible Assets	1.82	4.12
	14,013.51	14,489.63
Note 4 : Non Current - Other Assets		
<i>Unsecured, considered good</i>		
Capital advances	978.41	465.83
Security deposits	38.89	58.00
Prepaid Expenses	3.39	7.04
	1,020.69	530.87
<u>CURRENT ASSETS</u>		
Note 5: Inventories		
Raw material	1,892.72	1,754.96
Raw material - in transit	341.00	199.39
Adhesives, Inks, Consumables & Stores	779.47	712.82
Fuel	356.99	477.04
Work In Process	32.47	47.18
Finished goods	237.55	316.55
	3,640.20	3,507.94
Note 6: Trade receivables		
<i>Secured and Considered Good</i>		
Above Six Months	-	-
Below Six Months	148.14	148.14
<i>Unsecured & Considered Good</i>		
Above Six Months	28.66	26.67
Below Six Months	3,794.02	3,651.80
	3,970.82	3,826.61
Note 7: Cash and cash equivalents		
Cash on hand	3.30	3.99
Balances with banks:		
Current accounts	96.58	44.84
	99.88	48.83
Note 8: Other bank balances		
Unpaid dividend account	46.16	45.54
In deposit account- Under lien for L/c & BG	630.24	139.43
	676.40	184.97

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.

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Notes to financial statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹ in Lakhs	As at 31.03.2018 ₹ in Lakhs
Note 9: Other Financial Assets		
Loans to employees - Unsecured, considered good	14.87	13.85
Interest Receivable	3.81	1.23
	18.68	15.08

Note 10: Other Current Asset

Advance to suppliers	197.21	338.04
Receivable towards sale of Capital Goods	28.43	145.16
Current Tax Asset - Tax Refund Receivable	75.89	75.11
Prepaid expenses	64.52	69.22
Gratuity Asset account	36.32	56.87
Other receivables	3.67	-
Balance with statutory/ government authorities	34.49	204.14
	440.53	888.54

NOTE 11 : SHARE CAPITAL

Authorised share capital

Equity share capital of Rs. 10 each with voting rights

2,00,00,000 (PY : 2,00,00,000) equity shares	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 (PY : 1,50,00,000) equity shares	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, 2019		March 31, 2018	
	Number of shares	Amount ₹in Lakhs	Number of shares	Amount ₹in Lakhs
Equity shares				
At the commencement of the year	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Add: shares issued	-	-	-	-
At the end of the year	1,50,00,000	1,500.00	1,50,00,000	1,500.00

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

Class of shares / Name of shareholder	March 31, 2019		March 31, 2018	
Equity shares with voting rights	Number of shares	% 'age	Number of shares	% 'age
Mr. Anil Kumar Goel	9,00,000	6.00%	9,00,000	6.00%

Notes to financial statements for the year ended March 31, 2019

(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
	Reserves & Surplus		Other Comprehensive Income	
	General Reserves	Retained earnings	Re-measurement of the net Defined Benefit Plans	Total
Balance as at March 31, 2017	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)
Balance as at March 31, 2018	834.60	11,554.82	79.98	12,469.40
Balance as at April 1, 2018	834.60	11,554.82	79.98	12,469.40
Transfers during the year	-	-	-	-
Profit for the year	-	1,836.75	-	1,836.75
Other comprehensive income / (loss)	-	-	(21.50)	(21.50)
Dividend including Dividend Distribution Tax	-	(180.84)	-	(180.84)
Balance as at March 31, 2019	834.60	13,210.73	58.48	14,103.81

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Notes to financial statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹ in Lakhs	As at 31.03.2018 ₹ in Lakhs
NON CURRENT LIABILITIES		
NOTE 13 : NON CURRENT - FINANCIAL LIABILITIES - BORROWINGS		
Secured Borrowings		
Term Loans-From Banks		
Term Loan from Vijaya Bank (SL 124)	803.92	921.57
Less : Installments due during the next 12 months	(117.65)	(117.65)
	686.27	803.92
Term Loan from Vijaya Bank (SL 88)	575.00	675.00
Less : Installments due during the next 12 months	(100.00)	(100.00)
	475.00	575.00
Term Loan from Vijaya Bank (SL 131)	699.89	600.00
Less : Installments due during the next 12 months	(94.12)	(94.12)
	605.77	505.88
Term Loan from IDBI Bank Ltd	1,700.00	1,929.17
Less : Installments due during the next 12 months	(250.00)	(250.00)
	1,450.00	1,679.17
	3,217.04	3,563.97

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 & Chikkayana 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	82 installments w.e.f. 12/08/2017	69 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	01 Jan 2026
Monthly Installment Amount	₹7,84,314/-	₹20,83,333/-
No. of Installments due after Balance Sheet Date	90 installments w.e.f. 04/04/2018	82 installments w.e.f. 01/04/2018

Notes to financial statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹ in Lakhs	As at 31.03.2018 ₹ in Lakhs
NOTE 14 : NON CURRENT - FINANCIAL LIABILITIES - OTHERS		
Deposits		
Deposits from Agents	170.49	155.49
Deposit from Others	-	12.50
	170.49	167.99
NOTE 15 : NON CURRENT LIABILITIES - PROVISIONS		
Provision For Employee Benefits		
Provision for Compensated Absences	28.62	24.31
	28.62	24.31
NOTE 16 : NON CURRENT - DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities on -		
Impact of difference between Book Depn. and Tax Depn.	2,235.66	2,453.19
Deferred Tax Assets on -		
Eligible Tax Losses	-	(338.60)
Expenses / Provisions disallowed for Tax Purposes	(85.60)	10.77
	2,150.06	2,125.36
Less : MAT Credit Entitlement	657.20	599.54
	1,492.86	1,525.82
CURRENT LIABILITIES		
NOTE 17 : CURRENT - FINANCIAL LIABILITIES - BORROWINGS		
Secured Borrowings		
Loans repayable on Demand - from Banks :		
Working Capital Loan from Vijaya Bank	-	745.69
(Secured by pari-passu first charge on current assets (mainly inventories & book debts) and pari-passu second charge on fixed assets)		
Working Capital Loan from IDBI Bank Ltd	14.80	423.10
(Secured by pari-passu first charge on current assets (mainly inventories & book debts) and pari-passu second charge on fixed assets)		
	14.80	1,168.79

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Notes to financial statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹ in Lakhs	As at 31.03.2018 ₹ in Lakhs
NOTE 18: CURRENT - FINANCIAL LIABILITIES - TRADE PAYABLES		
Trade payables (including acceptances)		
Total outstanding dues of micro enterprises and small enterprises*	0.06	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,176.35	1,750.52
	2,176.41	1,750.52
* 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, 2019 and March 31, 2018 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 19 : CURRENT - FINANCIAL LIABILITIES - OTHERS		
Current maturities of long term debt	561.77	561.77
Liability for Capital Goods and Capital Expenses	20.73	309.43
Interest Accrued but not Due on Trade deposits	11.21	9.84
Unclaimed dividends	46.16	45.54
Others	-	-
	639.87	926.58
NOTE 20 : CURRENT LIABILITIES - OTHERS		
Advance from Customers	12.65	12.82
Miscellaneous Liabilities	3.80	4.39
Other Payables -	-	-
Goods & Services Tax payable	67.12	40.45
Tax Deducted at Source	17.37	10.99
Electricity Tax Payable	6.74	3.15
Current Tax Liabilities	-	11.92
Other Expenses Payable / provision	139.27	58.61
	246.95	142.33
NOTE 21 : CURRENT LIABILITIES - PROVISIONS		
Provision for employee benefits -		
provision for bonus	114.59	103.25
provision for salary, wages and other benefits	142.51	117.54
provision for contribution to PF / ESI etc.,	17.55	16.61
provision for other employee benefits	15.21	15.36
	289.86	252.76

Notes to financial statements for the year ended March 31, 2019

Particulars	2018-19 ₹ in Lakhs	2017-18 ₹ in Lakhs
NOTE 22 : REVENUE FROM OPERATIONS		
A. Gross Sales -		
Sale of Products	23,422.76	12,815.29
Sale of Power	765.90	633.62
	24,188.66	13,448.91
B. Other Operating Revenues	60.92	18.15
	24,249.58	13,467.06
NOTE 23 : OTHER INCOME		
Interest Income	50.41	39.95
Exchange rate difference on exports	28.80	-
Profit on sale of assets	1.12	154.18
Other non-operating income	0.06	0.06
	80.39	194.19
NOTE 24 : COST OF MATERIAL CONSUMED		
Raw materials Consumption:		
Waste Paper / Kraft Paper	9,656.34	5,905.53
Others (each less than 10%)	1,366.67	651.85
	11,023.01	6,557.38
NOTE 25 : (INCREASE) / DECREASE IN INVENTORIES		
Opening Stock of -		
Finished Goods	316.55	216.39
Work-in Progress	47.18	58.94
	363.73	275.33
Closing Stock of -		
Finished Goods	237.55	316.55
Work-in Progress	32.47	47.18
	270.02	363.73
(Increase) / Decrease in Inventory	93.71	(88.40)
NOTE 26 : EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages -		
Salaries & Bonus to Staff	677.16	584.61
Wages & Bonus to Workers	1,135.13	631.49
Director Remuneration, Commission & benefits	120.59	102.39

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Notes to financial statements for the year ended March 31, 2019

Particulars	2018-19 ₹ in Lakhs	2017-18 ₹ in Lakhs
Contribution to Provident and Other Funds -		
Provident Fund	87.38	67.41
Superannuation Fund	0.84	0.84
Gratuity Cost	42.40	39.52
Staff Welfare Expenses -		
Payment to Employee State Insurance Scheme	8.92	13.27
Payment to other Employee Insurance Schemes	38.87	16.72
Canteen Expenses	70.18	43.81
Medical Benefits	8.61	11.09
Training & Professional Development	1.17	4.61
Transportation / Conveyance to Staff	24.05	15.34
Other Welfare Expenses	21.02	12.86
	2,236.32	1,543.96
NOTE 27 : FINANCE COSTS		
Interest Expense on -		
Term Loans	383.38	334.24
Working Capital Loans	32.06	121.50
Trade Deposits & Others	14.36	12.51
Other Borrowing Costs	15.57	9.45
	445.37	477.70
NOTE 28 : OTHER EXPENSES		
Manufacturing Expenses -		
Fuel Consumed	4,219.83	2,381.03
Adhesives, Inks, Consumables & Stores Consumed	442.83	252.46
Power & Water	151.30	86.64
Repairs & Maintenance :	-	-
- Plant & Machinery	730.76	457.25
- Building, Road	49.32	31.70
Excise Duty on Closing Stock of Finished Goods (net)	-	(14.80)
Exchange Fluctuation on raw material imports	47.87	(20.17)
Total A	5,641.91	3,174.11
Administrative & Selling Expenses -		
Commission on Sales	277.31	144.69
Packing & Forwarding Charges	211.78	114.71
Rent payments	13.32	15.44
Rates and Taxes	15.18	19.82
Postage & Telephone	8.01	5.95
Printing and Stationery	5.58	4.59
Directors' Sitting Fees	4.70	4.80
Directors' Commission - Non whole time	24.40	-

Notes to financial statements for the year ended March 31, 2019

Particulars	2018-19 ₹ in Lakhs	2017-18 ₹ in Lakhs
Exchange rate difference	2.81	60.95
Insurance	62.66	59.10
Vehicle Repairs & Maintenance	10.78	8.90
Travelling and Conveyance	48.00	26.24
Auditors' Remuneration :	-	-
- for audit	4.00	4.00
- for tax audit	1.00	1.00
- for other services	0.60	1.05
- for Out-of-Pocket Expenses	-	0.22
Security Charges	93.46	88.23
Outward Freight	379.78	233.89
Branch Expenses	6.28	7.89
Export Expenses	109.95	7.88
Discount and Rebates	158.37	48.30
Bank Charges	25.73	21.92
Internal Audit Fees & Expenses	1.06	1.04
Corporate Social Responsibility Expenses	0.57	0.46
Miscellaneous Expenses	152.62	122.43
Total B	1,617.95	1,003.50
Total A + B	7,259.86	4,177.61

NOTE 29 : EARNINGS PER SHARE

Basic & Diluted Earnings Per Share :

Profit for the year after tax	1,836.75	95.28
No. of Shares outstanding	1,50,00,000	1,50,00,000
Earnings Per Share in Rupees	12.25	0.64

NOTE 30 : CONTINGENT LIABILITIES & COMMITMENTS

Particulars	₹ in Lakhs March 31, 2019	₹ in Lakhs March 31, 2018
A. CONTINGENT LIABILITIES		
1. a. Demands under the Central Excise Act :		
Excise duty and penalty on removal of Capital goods (stay granted by CESTAT, Bangalore)	Duty 8.15 Penalty 0.50	8.15 0.50
b. Excise duty on sale of sludge	Duty Nil	0.12
Duty demand shown as contingent liabilities earlier is set- aside by the Commissioner of Central Tax (Appeals), Mysore		
c. Penalty levied by Commissioner of Central Excise on reversal of input services on exempt products	Penalty 3.60	Nil

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2. Demand by Chamundeshwari Electricity Supply Corporation Ltd (CESC) : Nil 3,775.73
CESC has filed a petition before Hon'ble Karnataka Electricity Regulatory Commission (KERC), Bengaluru alleging breach of PPA and had claimed damages.
KERC has passed an order dismissing the petition filed by CESC and held that there is no breach of PPA by the Company. With the above Order in favour of the Company, the contingent liability of Rs. 3,775.73 lakhs is extinguished.
3. There has been a Supreme Court judgement dated 28th February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to Provident Fund under the EPF Act. There are interpretative aspects related to the judgement including the effective date of application. The company will continue to assess any further developments in this matter for the implication on financial statements if any.

B. COMMITMENTS

Particulars	₹ in Lakhs March 31, 2019	₹ in Lakhs March 31, 2018
1. Estimated amount of contracts remaining to be executed on capital account and not provided for including Letter of credit opened for Capex Rs.1803.98 lakhs (PY : Nil)	6398.71	133.25
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 and Capex LCs)	117.47	360.04
3. Bank guarantee, for which counter guarantee is given by the Company	Nil	3.00

NOTE 31 : LEASES

The Company is obligated under non-cancellable operating leases mainly for Warehouses. The total rental expenses under non-cancellable operating leases amount to Rs.13.32 lakhs for the year ended March 31, 2019 (March 31, 2018 : Rs.34.21 lakhs).

Particulars	March 31, 2019	March 31, 2018
Not later than 1 year	2.31	15.83
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

Note 32 : 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. Non-Executive Directors:

1. Mr. Dineshchandra C. Patel
2. Mr. Jagdish M. Patel
3. Mr. M.G. Mohan Kumar
4. Mr. S.R. Chandrasekara Setty
5. Mr. Ajay D. Patel
6. Mr. N.S. Kishore Kumar
7. Mr. Jitendra A. Patel
8. Mrs. Girija Shankar

C. 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)

DETAILS OF RELATED PARTY TRANSACTIONS

Particulars	₹ in Lakhs March 31, 2019	₹ in Lakhs March 31, 2018
1) Remuneration to KMP & relative of KMP		
Mr. Manish M Patel	120.59	102.39
Mrs. Vandhana M Patel	7.55	8.44
Mr. B. Ravi Holla	13.32	13.69
Ms. Vidya Bhat	4.46	4.34
2) Sitting fees and commission to Non Executive Directors		
a) Sitting fees	4.70	4.80
b) Commission on Net Profits	24.40	-
3) Closing Credit Balance in current account		
Mr. Manish M Patel	7.06	8.61

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 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018 : 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 33 : 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. 26.

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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 Grautiy Scheme, based on Actuarial valuation are as follows:

	₹ in Lakhs March 31, 2019	₹ in Lakhs March 31, 2018
1. Expense recognised in Statement of Profit & Loss		
a. Current service cost	51.95	44.42
b. Interest on Defined Benefit Obligation	63.55	63.61
c. Expected return on plan assets	(73.10)	(68.51)
	42.40	39.52
2. Net (Assets) / Liabilities recognised in Balance Sheet		
a. Present value of Defined Benefit obligations	939.26	829.91
b. Fair value of Plan assets	1015.43	926.63
Difference representing Net (Assets) / Liabilities	(76.17)	(96.72)
Less : Amount not recognised as an asset by the actuary	39.85	39.85
Net (Assets) / Liabilities recognised in Balance Sheet	36.32	(56.87)
3. Change in Grautuity Obligation during the year		
a. Present value of Defined Benefit obligations as on 01-04-18	829.91	819.05
b. Current service cost	51.95	44.42
c. Interest on Defined Benefit Obligation	63.55	63.61
d. Acturial (gain) / loss	20.04	(100.69)
e. Benefits paid	(26.19)	(25.69)
f. Prior Service Costs	-	29.21
g. Present value of Defined Benefit obligations as on 31-03-19	939.26	829.91
4. Change in fair value of plan assets during the year		
a. Fair value of plan assets as on 01-04-18	926.63	868.27
b. Expected return on plan assets	73.10	68.51
c. Actual Company contribution	26.00	-
d. Acturial gain / (loss)	(10.30)	(10.15)
e. Benefits paid from plan assets	-	-
f. Fair value of plan assets as on 31-03-19	1015.43	926.63
Acturial Assumptions :		
a. Discount rate	7.78%	7.89%
b. Expected rate of return on Plan assets	7.78%	7.89%
c. Salary escalation rate	11.75%	10.00%

Note 34 : SEGMENTWISE REVENUE, RESULTS, CAPITAL EMPLOYED

	₹ in Lakhs March 31, 2019	₹ in Lakhs March 31, 2018
1. Segment Revenue		
i Paper & Paper Products	23,483.68	12,833.44
ii Power	3,209.53	1,975.83
	26,693.21	14,809.27
Less : Inter Segment Revenue	2,443.63	1,342.21
Net Revenue from Operations	24,249.58	13,467.06
2. Segment Results		
i Paper & Paper Products	2,074.01	330.24
ii Power	693.07	228.06
Add : Exceptional items (net)	-	-
	2,767.08	558.30
Less : Finance costs	445.37	477.70
Total Profit before Tax	2,321.71	80.60
3. Segment Assets		
i Paper & Paper Products	18,706.73	18,454.05
ii Power	5,173.98	5,038.41
Total Segment Assets	23,880.71	23,492.46
4. Segment Liabilities		
i Paper & Paper Products	5,427.06	6,258.93
ii Power	2,849.84	3,264.14
Total Segment Liabilities	8,276.90	9,523.07

NOTE 35 : 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.

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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	
	March 31, 2019	March 31, 2018
Variable Rate Borrowings		
Term Loans	3778.81	4125.74
Working capital loans	14.80	1168.79
Total	3793.61	5294.53
Fixed Rate Borrowings	----	----
Closing average rate of interest	10.00% p.a.	10.00% 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	
	March 31, 2019	March 31, 2018
Interest rate increase by 0.25%	-9.48	-13.24
Interest rate decrease by 0.25%	+9.48	+13.24

(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 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.

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NOTE 36 : 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	
	March 31, 2019	March 31, 2018
A. Borrowings (Term Loan)	3,778.81	4,125.74
B. Less : Cash & Bank Balances	730.12	188.26
C. Net Debt [A (-) B]	3,048.69	3,937.48
D. Equity	15,603.81	13,969.40
E. Total Capital [C (+) D]	18,652.50	17,906.88
F. Gearing Ratio [C (÷) E]	0.16	0.22

NOTE 37 : EXCHANGE DIFFERENCES

The Company has recognized an aggregate Loss on exchange differences of Rs. 21.88 lakhs (P.Y. loss of Rs. 40.78 lakhs) in the Statement of Profit & Loss.

NOTE 38 : 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 31.03.2019	₹in lakhs 31.03.2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting period	0.06	Nil
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
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
The amount of interest accrued and remaining unpaid at the end of the period	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

NOTE 39 : EVENTS AFTER REPORTING PERIOD

The Board of Directors recommended a final dividend of Rs. 1.50 per equity share for the financial year ended March 31, 2019. 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 Re 1 per equity share.

NOTE 40 : PREVIOUS YEAR FIGURES

Previous year figures are regrouped; wherever necessary to conform to that of current year.

NOTE 41: DISCLOSURES IN ACCORDANCE WITH GUIDANCE NOTE ON ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Rs in lakhs			
Particulars	31-Mar-19	31-Mar-18	
a) Gross amount required to be spent by the Company during the year	36.57	49.84	
b) Amount spent during the year ended March 31, 2019:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any assets	-	-	-
(ii) On purposes other than (i) above :	0.57	-	0.57
- Notebooks and papers to schools	(0.46)	(-)	(0.46)

* Figures in Brackets represents amount spent during PY March 31, 2018

Reasons for not spending 2% of the average net profit of the last 3 financial years:

The Company had proposed following CSR projects for the benefit of villages around the factory:

- (i) Chlorination plant for drinking water for Chikkayanachatra and Banchalli Hundi villages;
- (ii) Sewage water treatment plant for 3 villages - Chikkayanachatra, Thandavapura & Banchalli Hundi.

However, the Company could not take up the proposed projects during the year, as necessary approvals for land was not received from the concerned authorities i.e., Gram Panchayath. Though Deputy Commissioner, Mysuru had given instructions to Tahsildar to identify Kharab land for the project, necessary approvals was not received due to changes in the assigned officials. Pending approvals, the Company has taken up other CSR projects stated above. CSR Committee is considering other feasible CSR projects, in case there is further delay in receiving the required approvals.

Manish M. Patel
Managing Director

M.G. Mohan Kumar
Director

for Murthy Swamy & ASSOCIATES LLP
Chartered Accountants
Firm Regn. No. S200065

B. Ravi Holla
Chief Financial Officer

Vidya Bhat
Company Secretary

Narayana Swamy T.S.
Partner
Membership No. 241535

Place : Bengaluru
Dated : 23rd May, 2019

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THE SOUTH INDIA PAPER MILLS LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019

	Year ended 31st March, 2019 ₹ in lakhs		Year ended 31st March, 2018 ₹ in lakhs	
CASH FLOW FROM OPERATING ACTIVITIES				
profit before tax		2,321.71		80.60
Adjustments for :				
Add: Depreciation & Amortisation expense		949.99		878.81
Add: Finance costs		445.37		477.70
Less : Profit on Sale of Plant & Equipments		(1.12)		(154.18)
Less: Interest Income		(50.41)		(39.95)
Operating Profit before Working Capital Changes				
Adjustments for :				
(Increase) / Decrease in Inventories	(132.25)		(752.41)	
(Increase) / Decrease in Trade Receivables	(144.21)		(814.86)	
(Increase) / Decrease in Other Financial Assets	(1.02)		6.84	
(Increase) / Decrease in Other Assets	422.09		296.56	
(Increase) / Decrease in Other non Current Assets	19.11		13.73	
Increase / (Decrease) in Trade Payables	425.89		227.20	
Increase / (Decrease) in Other Financial Liabilities	-		(267.77)	
Increase / (Decrease) in Other Current Liabilities	112.95		(3.94)	
Increase / (Decrease) in Provisions	45.00	747.56	(108.03)	(1,402.68)
Cash generated from operating activities		4,413.10		(159.70)
Less: Income Tax paid		(521.78)		(5.09)
Net cash generated from (used in) (A) Operating Activities		3,891.32		(164.79)
Cash Flow from Investing Activities				
Investment in Property, Plant & Equipments		(1,276.20)		(267.76)
Proceeds from sale of Plant & Equipments		2.17		365.30
Interest Income		47.83		42.53
Net cash generated from (used in) investing activities (B)		(1,226.20)		140.07
Cash Flow from Financing Activities				
Increase / (Decrease) in Short Term borrowings		(1,153.99)		(200.22)
Proceeds from Long Term borrowings		200.00		1,150.00
Repayment of Long Term borrowings		(546.93)		(199.27)
Increase / (Decrease) in Other Long Term liabilities		2.50		(188.33)
Finance costs paid		(444.00)		(478.70)
Equity Dividend paid		(149.38)		(229.53)
Dividend Distribution Tax		(30.84)		(45.80)
Net Cash (used in) / generated from Financing activities (C)		(2,122.64)		(191.85)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		542.48		(216.57)
Balance of cash and cash equivalents at the beginning of the year		233.80		450.37
Balance of cash and cash equivalents at the end of the year		776.28		233.80

Manish M. Patel
Managing Director

M.G. Mohan Kumar
Director

B. Ravi Holla
Chief Financial Officer

Vidya Bhat
Company Secretary

To be read with our report of even date.
for Murthy Swamy & ASSOCIATES LLP
Chartered Accountants
Firm Regn. No. S200065
Narayana Swamy T.S.
Partner
Membership No. 241535

Place : Bengaluru
Dated : 23rd May, 2019

NOTICE OF THE 60th ANNUAL GENERAL MEETING

Notice is hereby given that the Sixtieth 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 19th September, 2019 at 3.30 p.m. to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2019 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 Dividend for the year ended 31st March, 2019.
3. To appoint a Director in place of Mr. Jitendra A Patel (DIN 00248302), who retires by rotation and is eligible for reappointment.

Special Business:

4. Re - appointment of Mr M G Mohan Kumar (DIN 00020029) as an Independent Director.

To consider, and if thought fit, to pass the following Resolution as an Special Resolution:

“RESOLVED THAT, pursuant to the provisions of Sections 149, 150 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr M G Mohan Kumar (DIN: 00020029), who was appointed as an Independent Director of the Company, to hold office till 31st March 2020, and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years from 1st April 2020 to 31st March 2025.

5. Re appointment of Mr S R Chandrasekara Setty (DIN 00017055) as an Independent Director

To consider, and if thought fit, to pass the following Resolution as a Special Resolution

“RESOLVED that, pursuant to the provisions of Sections 149, 150 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr S R Chandrasekara Setty (DIN: 00017055), who was appointed as an Independent Director of the Company, to hold office till 31st March 2020, and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years from 1st April 2020 to 31st March 2025, despite his age crossing 75 years at the time of re- appointment.

6. Re appointment of Mr Jagdish M Patel (DIN 00128834) as an Independent Director

To consider, and if thought fit, to pass the following Resolution as a Special Resolution

“RESOLVED that, pursuant to the provisions of Sections 149, 150 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any

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statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr Jagdish M Patel (DIN: 00128834), who was appointed as an Independent Director of the Company, to hold office till 31st March 2020, and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years from 1st April 2020 to 31st March 2025, despite his age crossing 75 years at the time of re- appointment.

7. Re appointment of Mr N S Kishore Kumar (DIN 03422169) as an Independent Director

To consider, and if thought fit, to pass the following Resolution as Special Resolution:

“RESOLVED that, pursuant to the provisions of Sections 149, 150 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr N S Kishore Kumar (DIN: 03422169), who was appointed as an Independent Director of the Company, to hold office till 31st March 2020, and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years from 1st April 2020 to 31st March 2025.

8. Re appointment of Mrs Girija Shankar (DIN 07148094) as an Independent Director

To consider, and if thought fit, to pass the following Resolution as Special Resolution:

“RESOLVED that, pursuant to the provisions of Sections 149 150 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mrs Girija Shankar (DIN 07148094), who was appointed as an Independent Director of the Company, to hold office till 31st March 2020, and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years from 1st April 2020 to 31st March 2025.

9. Approval for payment of Commission to non whole time Directors

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution

RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013, the Company do hereby approve the payment of commission to the Directors of the Company, other than the Managing Director to be divided and distributed in such manner as the Board of Directors of the Company may determine from time to time, at the rate not exceeding 1% of the net profits of the company to be computed in the manner as laid down in Section 198 of the Companies Act, 2013 for a period of 5 years with effect from financial year 2020-21

RESOLVED FURTHER THAT the total remuneration payable to the Directors including that payable to the Managing Director and/ whole time Directors shall not exceed 11% of the net profits computed in accordance with Section 198 of the Companies Act, 2013.

By Order of the Board of Directors

Bengaluru
23rd May, 2019

MANISH M PATEL
MANAGING DIRECTOR

NOTES

1. 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.
2. A person can act as proxy on behalf of the members (not exceeding 50 members) and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. However a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
3. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolution/ authority as applicable.
4. Corporate Members are requested to send a board resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.
5. The Register of Members of the Company will remain closed from 01st September, 2019 to 24th September, 2019 (both days inclusive). The Dividend shall be payable to those Shareholders whose names appear on the Register of Members as on the closing of 31st August, 2019. 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.
6. Members are requested to communicate the change in address, if any, immediately to the Company's Registrars & Share Transfer Agents M/s Karvy Fintech Pvt Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032.
7. The relevant details in respect of item No. 3 to 8, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are annexed hereto

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
Mr Jitendra A Patel	71	27.09.2012 Holds 4,47,520 equity shares	Vast experience in the paper industry.	Diploma in Paper Technology, Sweden	(1) Indo Afrique Paper Mills Pvt Ltd (2) Laxmi Board and Paper Mills Pvt Ltd	----
Mr. M G Mohan Kumar	62	28.06.1994 Holds 3,200 equity shares	Rich Experience in the field of Finance & Taxation	B.Sc, LLB, FCA, Licentiate ICSI	(1) Bonanza Investments Ltd (2) Deepak Cables (India) Ltd	1. Starcom Information Technology Ltd (Audit

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					(3) i- Assure Info Solutions Pvt Ltd (4) Aerospace Infrastructure Ltd (5) Starcom Information Technology Ltd (6) Bharishnu Agro and Pharmacy Pvt Ltd (7) Nandi Hill Estates Pvt Ltd	Committee Chairman & Chairman of Stakeholder Relationship Committee
Mr S R Chandrasekara Setty	78	23.01.1992 Holds 2,000 equity shares	Mr S R Chandrasekara Setty is a practicing Chartered Accountant. Retired as Executive Director of Karnataka State Financial Corporation in 1998. His vast experience in the financial sector will be beneficial to the Company	B.Com, FCA, ACS	-----	-----
Mr N S Kishore Kumar	63	31.01.2011 Holds 6,400 equity shares	Vast experience in banking, large corporate banking, International Banking, Merchant Banking	B.Sc, MBA, CAIIB	-----	-----
Mr Jagdish M Patel	75	27.06.1987 Holds 1,46,400 equity shares	Vast experience in paper industry, general management, providing market information and helping in promotion of sales in the western region	DME	-----	-----

Mrs Girija Shankar	62	31.03.2015 Shareholding- NIL	Practicing advocate in High Court and City Civil Court Bangalore. Vast experience in handling writs, company petitions, civil cases, Intellectual property matters and arbitration.	B.A, LLB	-----	-----
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Relationship with other Directors

- a) Mr Jitendra A Patel is not related to any Director
 - b) Mr. M G Mohan Kumar is not related to any other Director.
 - c) Mr. S R Chandrasekara Setty is not related to any other Director.
 - d) Mr N S Kishore Kumar is not related to any other Director.
 - e) Mr Jagdish M Patel is not related to any other Director.
 - f) Mrs Girija Shankar is not related to any other Director.
8. 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.
 9. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends / unpaid dividends upto the financial year ended 31st 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.
 10. Members who have not encashed their Dividend Warrants pertaining to the year 2011-2012 & 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 5th 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.
 11. Shareholders/Proxy holders are requested to produce at the entrance the attached attendance slip duly completed and signed, for admission to the meeting hall.
 12. 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.

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13. 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.
14. 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 1st April 2019, 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. SEBI Circular dated 20th 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 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 Fintech PvtLtd, Hyderabad for updation of PAN and Bank account details.
15. 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.
16. 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 21st April, 2011 and 18/2011 dated 29th 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 30th 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 Fintech 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 Fintech Pvt Ltd (in case of physical shareholding) mentioning your folio details.

By Order of the Board of Directors

Bengaluru
23rd May, 2019

MANISH M PATEL
MANAGING DIRECTOR

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 9 of the accompanying notice

Item No's. 4 to 8

Pursuant to the provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr M G Mohan Kumar, Mr S R Chandrasekara Setty, Mr Jagdish M Patel, Mr. N S Kishore Kumar and Mrs Girija Shankar were appointed w.e.f 31-03-2015, by the Company at the 56th Annual General Meeting held on 10th September 2015. The tenure of Independent Directors was for a period of 5 years and will end on 31-03-2020. All the Directors are eligible to be appointed for a second term in office for tenure upto 5 years as Independent Directors under the Companies Act 2013.

The Nomination and Remuneration Committee of the Board at its meeting held on 23rd May 2019 recommended the re appointment of Independent Directors for a second term from 1st April 2020 to 31st March 2025. The re-appointment of Independent Director for a second term, however require the Company to pass a special resolution in general meeting as per Section 149 (10) of the Companies Act 2013. Further Regulation 17(1A) of the SEBI (LODR) Regulations 2015, requires special resolution to be passed for the appointment or continuance in any office of any person beyond the age of 75 years as Non executive Director. Mr S R Chandrasekara Setty and Mr Jagdish M Patel have attained the age of 75 years. Accordingly approval of the shareholders is sought by way of special resolution for re-appointment of all the Independent Directors.

The Board is of the opinion that Mr M G Mohan Kumar, Mr S R Chandrasekara Setty, Mr Jagdish M Patel, Mr N S Kishore Kumar and Mrs Girija Shankar are persons of integrity and possess relevant expertise and experience. Their vast experience and continued association with the Company would immensely benefit to the Company and it is desirable to continue to avail services of all of them as Independent Directors. The Board of Directors at their meeting held on 23rd May 2019, based on the recommendation of the Nomination and Remuneration Committee, re-appointed all the Independent Directors, subject to the approval of members by Special Resolution.

Mr M G Mohan Kumar, Mr S R Chandrasekara Setty, Mr Jagdish M Patel, Mr N S Kishore Kumar and Mrs Girija Shankar have given a declaration to the Board that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, and none of them are disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013. A Notice under Section 160 of the Companies Act, 2013, as applicable is received from member/s proposing the candidature of the above Independent Directors being re appointed for their second term.

In the opinion of the Board all the 5 Independent Directors fulfill the conditions for being appointed as Independent Directors, as specified in the Act and LODR Regulations and they are independent of the management. Mr S R Chandrasekara Setty and Mr Jagdish M Patel have already attained the age of 75. Considering their vast experience and their presence which will be of immense value to the Company, the Board and the Nomination and Remuneration Committee are of the view that would be fit and proper to continue the tenure of these 2 Directors beyond the age of 75 years.

None of these Directors are related to any other Directors of the Company.

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The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office of the Company during the office hours.

The Board recommends the resolution set out in Item No's 4 to 8 of the notice for the approval by the members of the Company.

Except aforesaid 5 Independent Directors being appointees to their respective re appointments, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out in Item No 4 to 8.

Item No 9

The Company has been remunerating the non -whole time directors, by way of commission to the extent of 1% of the net profits in addition to the fee for attending meeting of the Board. The previous resolution adopted at the 56th Annual General Meeting is valid w.e.f financial year 2015-16 for a period of 5 years, upto the financial year 2019-20. Now it is proposed to pass the resolution approving the payment of Commission to the Non Whole time Directors for a further period of 5 years w.e.f financial year 2020-21.

All the directors other than the Managing Director may be deemed to be concerned or interested in the resolution to the extent of the amount of remuneration by way of commission that may be received by them from time to time. None of the Key Managerial Personnel or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.9.

The Board recommends the resolution set out in Item No 9 of the notice for approval by the members of the Company by way of special resolution.

INSTRUCTIONS FOR E VOTING

The Company is pleased to provide Members facility to exercise their right to vote at the Sixtieth Annual General Meeting (AGM) by electronic means as per 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 Fintech 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.

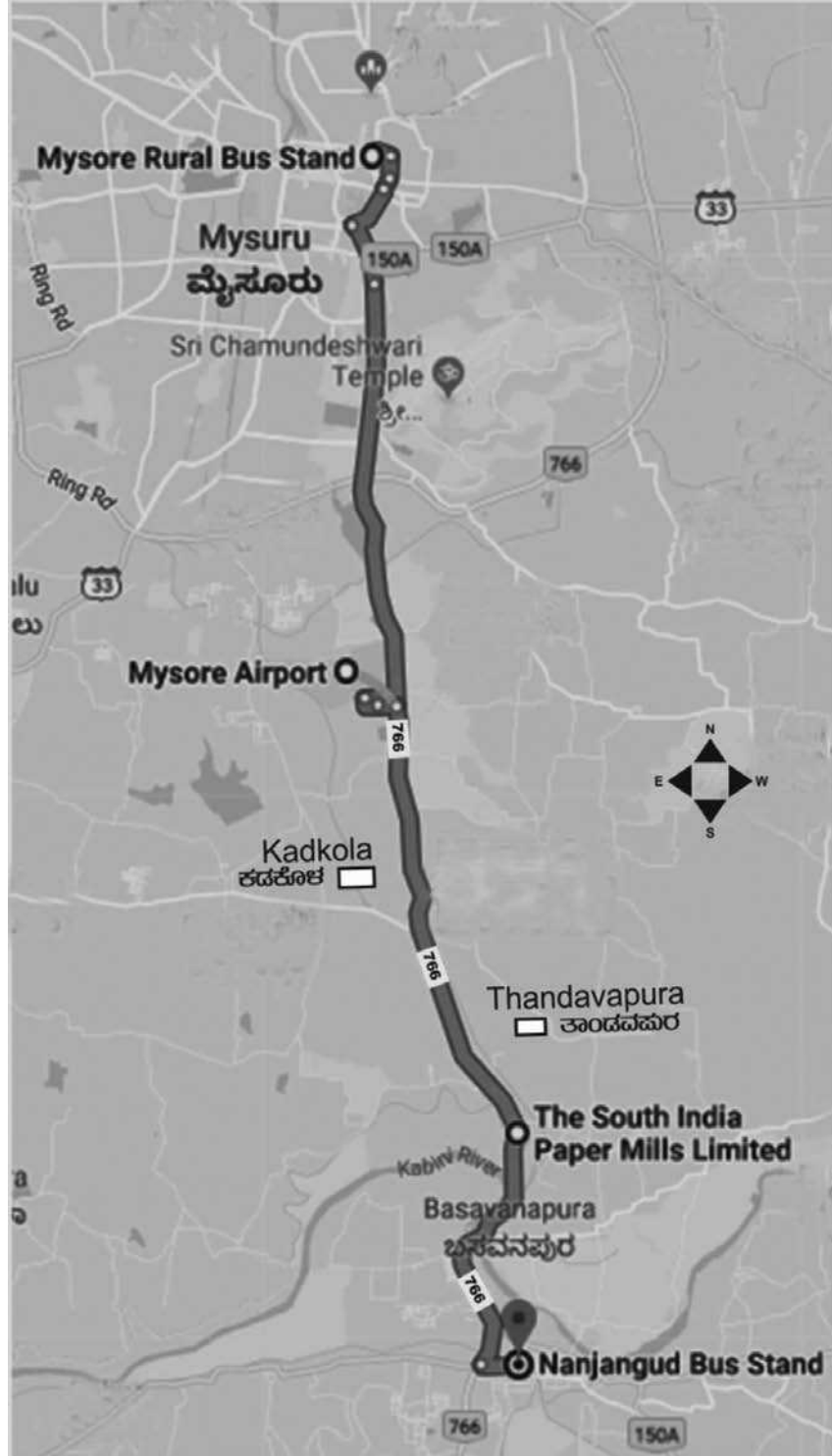
- v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the “EVENT” i.e., The South India Paper Mills Limited.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut off Date under “**FOR/AGAINST**” 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 with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “The South India Paper Mills Limited”, 60th 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
- 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 16-09-2019 (9.00 AM) and ends on 18-09-2019 (5.00PM). During this period shareholders’ of the Company, holding shares either in physical form in in dematerialized form, as on the cut-off date 12-09-2019, 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.

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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 18-09-2019.
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 12-09-2019.
7. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 12-09-2019, may obtain the login ID and password by sending a request at evoting@karvy.com or to Mrs Shobha Anand Contact No. 040-67162222. 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.
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 seriatim.
11. The Board of Directors has appointed Mr.S N Hitaish Kumar,Practicing Company Secretary(Membership No. 6564, CP No. 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 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 19th September, 2019 :

Company is located on the NH 766, Mysore Ooty Road, at a distance of 15 kms from Mysuru towards Ooty and 5 kms from Nanjangud.



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

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 60th Annual General Meeting (AGM) of the Company, to be held on Thursday, 19th day of September, 2019 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
Ordinary Business					
1	Adoption of Accounts for the Financial Year ended 31 st March, 2019				
2	Declaration of Dividend for the financial year ended 2018-19				
3	To appoint a Director in place of Mr Jitendra A. Patel (DIN 00248302), who retires by rotation and is eligible for reappointment				
Special Business					
4.	Re appointment of Mr. M G Mohan Kumar (DIN 00020029) as an Independent Director of the Company for a period of 5 years				
5.	Re appointment of Mr. S R Chandrasekara Setty (DIN 0017055) as an Independent Director of the Company for a period of 5 years				
6.	Re appointment of Mr. Jagdish M Patel (DIN 0012883429) as an Independent Director of the Company for a period of 5 years				
7.	Re appointment of Mr. N S Kishore Kumar Kumar (DIN 03422169) as an Independent Director of the Company for a period of 5 years				
8.	Re appointment of Mrs Girija Shankar (DIN 07148094) as an Independent Director of the Company for a period of 5 years				
9.	To approve the Commission payable to Non Whole time Directors for a period of 5 years				

Signed this _____ Day of _____ September 2019.

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.

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

POSTAL BALLOT FORM

Sl 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 19th September, 2019, 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 st March 2019	Ordinary			
2	Declaration of Dividend for the Financial Year ended 2018-19	Ordinary			
3	To appoint a Director in place of Mr Jitendra A Patel (DIN 00248302) who retires by rotation and is eligible for re appointment	Ordinary			
4.	Re appointment of Mr M G Mohan Kumar (DIN 00020029) as an Independent Director of the Company for a period of 5 years	Special			
5.	Re appointment of Mr S R Chandrasekara Setty (DIN 00017055) as an Independent Director of the Company for a period of 5 years	Special			
6.	Re appointment of Mr Jagdish M Patel (DIN 00128834) as an Independent Director of the Company for a period of 5 years	Special			
7.	Re appointment of Mr N S Kishore Kumar (DIN 03422169) as an Independent Director of the Company for a period of 5 years	Special			

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8.	Re appointment of Mrs Girija Shankar (DIN 07148094) as an Independent Director of the Company for a period of 5 years	Special			
9.	To approve the Commission payable to Non Whole time Directors for a period of 5 years	Special			

Place :

Date :

Signature of the shareholder(s)

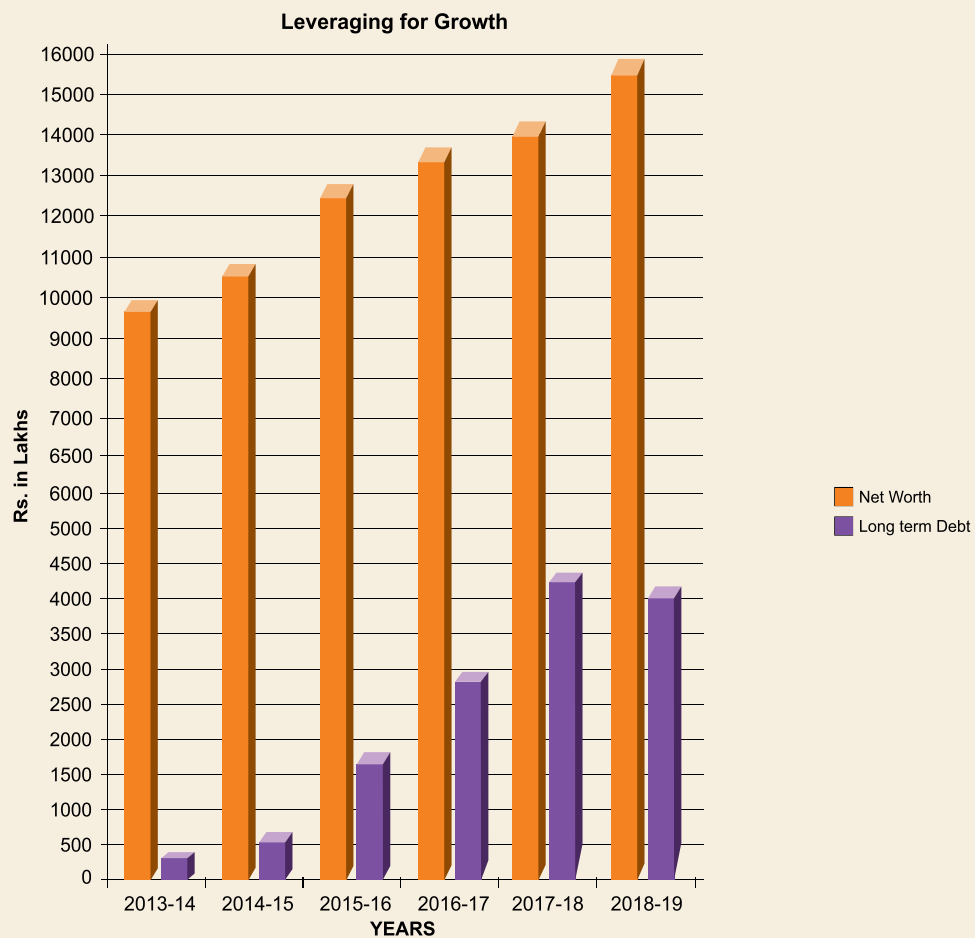
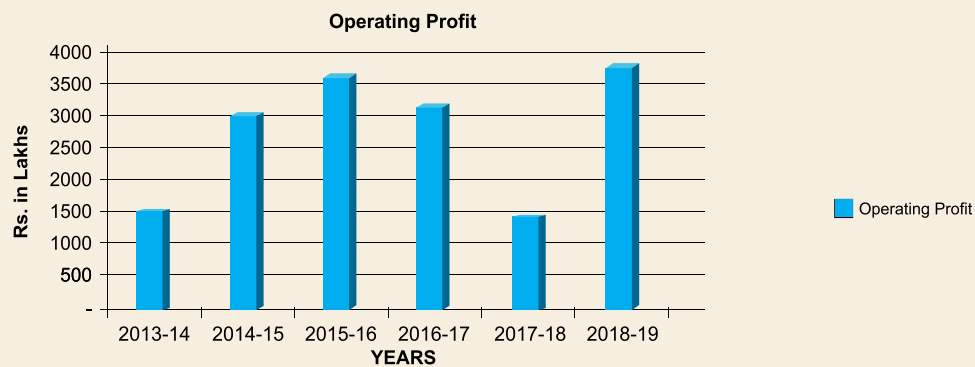
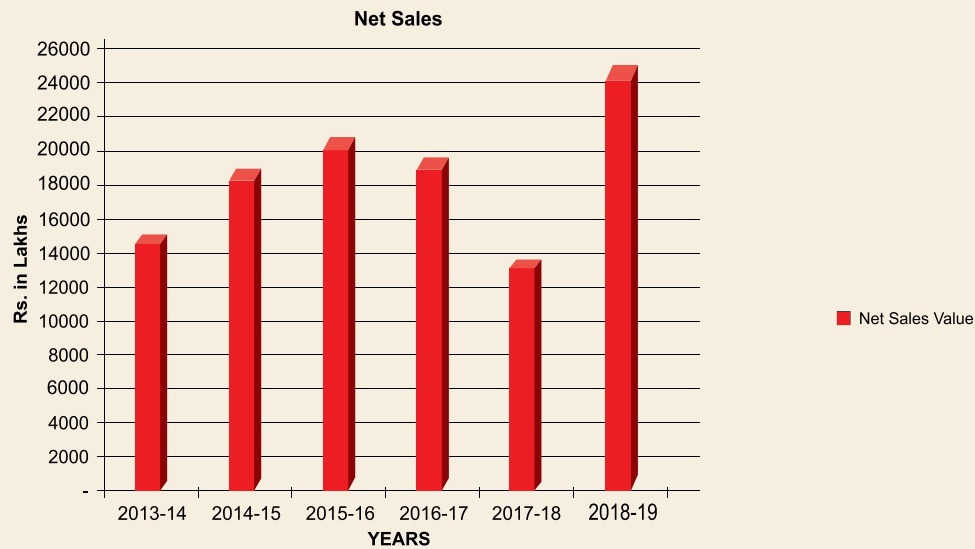
Note: Please send this postal ballot form duly filled in, so as to reach on or before 18th September, 2019.

Please read the instructions overleaf carefully before exercising your vote.

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 18th September 2019 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 18th September 2019 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 12th September, 2019.
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 18th September 2019, 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.

KEY FINANCIAL PARAMETERS AT A GLANCE LAST 6 YEARS





If undelivered please return to

THE SOUTH INDIA PAPER MILLS LIMITED

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