

61st

**ANNUAL REPORT
2019-20**

THE SOUTH INDIA PAPER MILLS LIMITED



New Factory Administrative Office

SIPM

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

Bank of Baroda, Nanjangud

REGISTRARS & SHARE TRANSFER AGENTS

M/s Kfin Technologies Pvt. Ltd.,

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

Nanakramguda, Serilingampally

Hyderabad – 500032 Telangana

Ph: (040) 6716 2222

REGISTERED OFFICE & MILL

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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 of the Company by Video Conference
on Thursday, the 24th September, 2020 at 11.30 AM

DIRECTORS' REPORT

To

The Members

Your Directors hereby present the 61st Annual Report of the Company along with the audited accounts for the year ended 31st March, 2020.

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.

WORKING RESULTS

	FY 2019-20	FY 2018-19
Finished Production of Paper & Paperboards	56,789 MTs	60,331 MTs
Conversion Quantity at the Box Plant (PPD)	30,827 MTs	28,127 MTs
	(₹.In Lacs)	(₹.In Lacs)
Revenue from Operations	21,761.08	24,249.58
FINANCIAL RESULTS:		
Profit before interest, depreciation & tax	3,521.56	3,717.07
Less : Finance costs	411.46	445.37
Gross (Cash) Profit	3,110.10	3,271.70
Less : Depreciation	976.66	949.99
Profit before Tax	2,133.44	2,321.71
Less : Provision for Current tax	(371.86)	(503.00)
Less/(Add) : MAT credit (utilized)/ entitlement	(285.82)	43.71
Less/(Add) : Deferred Tax (charge)/ credit	111.06	(24.70)
Profit after tax for the year	1,586.82	1,837.72
(Less) / Add : (Tax Provision for earlier years)/ Reversal	7.96	(0.97)
Net Profit after Tax	1,594.78	1,836.75

OPERATIONS

Revenue from operations for the financial year 2019-20 declined to ₹ 217.61 crores from ₹ 242.50 crores in the previous year. Revenue from 2nd quarter of the year were lower in line with reduction in raw material prices which were passed on to customers and during the last quarter about half month's revenue was affected due to planned shutdown in February and finally last 8 days in March 2020 due to Lockdown imposed by the Govt to combat the spread of Covid-19.

Operation at the Paper Mill was lower @ 86% due to above factors happening in Q4 as against 91% of the Capacity during the preceding year,

Printing & Packaging Division operated with marginally higher Conversion tonnage.

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Profit before interest, depreciation, tax (PBDIT) in FY 2019-20 was lower on account of the above said factors at ₹3,521 lacs from ₹3,717 lacs in the preceding year. Finance costs were lower at ₹ 411 lacs from ₹ 445 lakhs as the Company has used the internal accruals available, in place of short term bank borrowings. After making a depreciation provision of ₹ 977 lacs (Previous year 950 lacs), profit before tax was ₹ 2,133 lacs (Previous year ₹ 2,322 lacs). After making a provision for current tax of ₹ 372 lakhs (₹503 lacs) & considering net effect of deferred tax & MAT credit charged of ₹175 lacs (₹19 lacs net credit in the previous year), net profit stood at ₹ 1,595 lacs. (Previous Year ₹1,837 lacs)

Considering the prevailing economic environment and the internal and external factors, the Company has assessed the carrying amount of property, plant & equipment, receivables, inventories, investments and other assets as at the Balance Sheet date, the current liquidity position including its cash flows, the business outlook and has concluded that no material adjustments are required in these financial results and the Balance Sheet as at 31-3-2020. The potential future impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions and assess the impact on its business.

FINANCES

During the year, cash flow & liquidity remained comfortable.

Sources of funds	₹ in lacs	Deployment of funds	₹ in lacs
Cash flow from operating activities	3,453	Repayment of Term Loans	618
Interest receipts	75	Capital Expenditure & Advances	3,400
Income tax refund received	32	Finance Cost	434
Decrease in working capital	254	Income tax Paid	357
Advance received for asset sale	198	Dividend & Dividend Tax	271
Increase in short term Bank borrowing	1044		
Others	24		
Total	5,080	Total	5,080

	31.03.2020	31.03.2019
Long Term Debt to Equity Ratio	0.17	0.22
Current Ratio	2.01	2.62

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

DEPOSITS

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

CREDIT RATING

ICRA has extended the validity of the existing ratings upto 30-9-2020. Long term rating of [ICRA]A- and a short term rating of [ICRA]A2+ to the Company's line of credit, are continued. Long term rating was reaffirmed with negative outlook, considering the proposed borrowing for the Expansion Project.

CURRENT PROSPECTS

Paper Division remained shut till 4th May, 2020, due to Lockdown imposed by the Government to contain the spreading of Covid-19 Pandemic, which affected the markets throughout the World. However, Box division was operating from 3-4-2020 as Essential service. Operating level in Q1 expected to be around 60% of the normal and recovering to about 85% to 90% of the normal levels in 2nd Quarter and reaching over 90% in subsequent Quarters. After recommencing, initially both the units were operated with minimum possible employees, and subsequently scaling up gradually with necessary precautions and hygienic care and protection of the employees. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The market conditions for paper, though generally competitive, as the industry capacity has increased substantially over the years, 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 new paradigm in corrugation.

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

Overall Turnover and operating profit is expected to be lower. Operating margins being sustained but volumes will be lower due to poor demand in the present scenario.

CAPITAL EXPENDITURE PLANS & FUTURE PROSPECTS

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. Civil works delayed due to Covid-19 pandemic and Capex on machineries is deferred by 4 months. Project is scheduled to be commissioned by March 2021 and the extended date of commissioning is permitted by the Lending Bank, as per RBI circular. This investment in PM6 should further the good standing of Company's products.

Project cost and Means of Finance – update – ₹ in crores

Particulars	Original estimate	Amount incurred As on 31-3-2020	Amount incurred As on 25-6-2020	Balance to be incurred
Project Cost	190.00	46.39	52.74	137.26
Means of Finance :				
Internal accruals	80.00	46.39	49.67	30.33
Bank Term Loan	110.00	---	3.07	106.93
Total Means of finance	190.00	46.39	52.74	137.26

The Company has drawn in June, 2020 ₹ 3.07 crores of Project Term Loan. In view of the earnings of the current year, estimated conservatively, being available, in addition to unutilised sanctioned limits, the Company does not expect any problem in meeting the fund requirements for the Project implementation.

With the technology selected for the new paper machine and associated pulping system, your Company is confident of successfully introducing new products into the building and decorative materials segment of the paper market. The advanced processing and paper making equipment will also enable a reduction in the cost of production of premium grades in the container board market by optimisation of furnish. These grades will meet international standards and

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enhance the market potential for the company by way of export opportunities and import substitution. The state of the art processing and finishing system also enables quick order changes to address the need for prompt delivery of multiple grades at short notice in the domestic market. The cost effective production of lighter and stronger grades of container-board will facilitate the delivery of high value to corrugated box end customers.

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 31-3-2020 & of the profit of the Company for the financial year 2019-20.

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 2020 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 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 endeavored 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

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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 in the preceeding year. The treated effluent water is utilized for irrigation purposes in the nearby fields of third party farmers with excellent crop yields.

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

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

The Company had 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 same 15%). The total distribution amounts to ₹225 lacs (Last year ₹225 lacs + Dividend Tax ₹46 lacs = Total ₹ 271 lacs) As per Finance Act, 2020 Dividend Distribution Tax is not applicable for Dividends declared & paid after 31-3-2020. Dividends will be taxed in the hands of shareholders.

As per Ind AS 10, Events after the reporting period, Proposed Dividends on Equity shares being a non-adjusting event at the Balance Sheet date, is not recognised as a liability in the accounts for the year ended 31st March, 2020. Dividend will be recognised in the accounts in the year of payment i.e. FY 2020-21.

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

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 is in force upto 31-3-2020.

DIRECTORS

In terms of Section 152 of the Companies Act, 2013 Mr Ajay D Patel (DIN 00466905) retires by rotation and he, being eligible, offers himself for reappointment. Your Directors recommend his reappointment.

Mr Dineshchandra C Patel (DIN 00167581) was appointed on 20th September 2018 as a Director liable to retire by rotation by way of resolution passed unanimously even though ordinary resolution was sufficient as per existing rules.. The amended Regulation 17(1A) of the SEBI (LODR) Regulations 2015, effective from 1-4-2019, requires special resolution to be passed for the appointment or continuation of directorship of any person as Non executive Director who has attained the age of 75 years, has been followed in spirit even prior to amendment. Mr D C Patel has crossed the age of 75 years. Since his appointment as Director was already made in Sept 2018, it is proposed to

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approve and ratify the appointment effective from April 2019 by way of special resolution, in compliance with the amended Regulation 17(1A).

Accordingly approval of the shareholders is sought by way of special resolution for ratification of continuation of his appointment

Your directors recommend the special resolution set out in Item No. 4 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 17-03-2020, 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.

The Company has taken up a few CSR activities during the year and spent ₹ 16.67 lakhs during FY 2019-20. Balance unspent amount will be incurred in the following year based on progress of the activities.

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.

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 2019-20. The Secretarial Audit Report in Form MR 3 is annexed.

Explanation for observations made by the Company Secretary in practice

- (1) The Company has re-appointed Mr. Dineshchandra C. Patel as Director in its Annual General Meeting held on 20th September 2018 by way of resolution which was approved unanimously as against ordinary resolution proposed in the notice. The amended regulation 17(1A) of SEBI (LODR) Regulations, 2015 which was effective from 1st April, 2019 has been followed in spirit even prior to amendment. Requisite shareholders approval pursuant to the amended Regulation 17(1A) of SEBI (LODR), 2015 is being placed in the ensuing 61st Annual General Meeting.
- (2) The Board of Director are in the process of appointment of Mrs. Girija Shankar (DIN 07148094), Independent non executive director as member of the Stakeholder Relationship Committee as per Regulation 20(2A) of the amended SEBI (LODR) Regulations, 2015.

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 2019-20.

COST AUDIT

Company's products are not notified for Cost Audit in FY 2019-20.

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

Nanjangud
25th June, 2020

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 domestic industry and the estimated output across all grades is about 18 million metric tonnes per annum (MTPA). Global paper consumption is about 400 MTs per annum and about 50% is recycled each year. 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., after FY 21 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 4.2% for 2019-20 as against 6.1% in 2018-19. Growth forecast for 2020-21 is negative due to Covid -19 impact. As per IMF prediction, growth rate will contract by 4.5% in 2020-21 and will bounce back to 6% in 2021-22.

Demand for paper in FY 21 is expected to decline due to Covid-19 imposed Lockdowns. Demand from education, packaging, corporate and print media sections declined owing to nation wide lockdown imposed to curb the spread of Covid-19 pandemic.

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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 and Covid-19 impact.

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

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

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

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

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

vi) Internal Control Systems:

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

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

Revenue from operations for the financial year 2019-20 declined to ₹ 217.61 crores from ₹ 242.50 crores in the previous year. Revenue from 2nd quarter of the year were lower in line with reduction in raw material prices which were passed on to customers and during the last quarter about half month's revenue was affected due to planned shutdown in February and finally last 8 days in March 2020 due to Lockdown imposed by the Govt to combat the spread of Covid-19.

Operation at the Paper Mill was lower @ 86% due to above factors happening in Q4 as against 91% of the Capacity during the preceding year,

Printing & Packaging Division operated with marginally higher Conversion tonnage.

Profit before interest, depreciation, tax (PBDIT) in FY 2019-20 was lower on account of the above said factors at ₹3,521 lacs from ₹3,717 lacs in the preceding year. Finance costs were lower at ₹ 411 lacs from ₹ 445 lakhs as the Company has used the internal accruals available, in place of short term bank borrowings. After making a depreciation provision of ₹ 977 lacs (Previous year ₹950 lacs), profit before tax was ₹ 2,133 lacs (Previous year ₹ 2,322 lacs). After making a provision for current tax of ₹ 372 lakhs (₹503 lacs) & considering net effect of deferred tax & MAT credit charged of ₹175 lacs (₹19 lacs net credit in the previous year), net profit stood at ₹ 1,595 lacs. (Previous Year ₹1,837 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 2019-20	FY 2018-19	% change	Remarks
Revenues from operation Rs in lakhs	21,761	24,250	-10%	Revenue decreased in the Current year from 2nd Quarter in line with fall in raw material prices passed on to customers and in Q4 due to planned shutdown in Feb 20 and last week of March 20 due to Covid-19 Lockdown imposed by Govt
Operating Profit Margin (%) (PBDIT)	16.18%	15.33%	6%	Operating margins improved on direct cost reductions
Net Profit Margin (%) (PAT)	7.33%	7.58%	-3%	Net profit decreased on lower revenues
Interest Coverage ratio (PBIT/Interest) in times	6.19	6.22	0%	due to reduction in interest expense, coverage ratio almost same, on lower borrowings
Return on Networth (PAT/ Equity)	10.22%	13.15%	-22%	Earnings were lower, due to lower revenue
Debtors Turnover ratio (as a % of revenue)	13.57%	16.38%	-17%	Debtors level decreased owing to lower revenues in Q4
Inventory Turnover ratio (as a % of revenue)	14.81%	15.01%	-1%	Inventory level decreased marginally
Current Ratio	2.01	2.62	-23%	mainly due to decrease in inventory & receivables due to stoppages in Q4 as explained above
Debt Equity ratio	0.17	0.22	-23%	Due to decrease in Term loans and increase in Equity with addition of current year's earnings

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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 is 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 2020, the Company had on its rolls, 374 employees consisting of 230 workmen and 144 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 thereunder & Listing Agreement entered with Stock Exchange.

(C) Senior Executives:

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

CRITERIA FOR NON EXECUTIVE DIRECTOR'S APPOINTMENT

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

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

REMUNERATION POLICY

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

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

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

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

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- (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 : Nanjangud
Date : 25th June, 2020

Manish M Patel
Chairman & Managing Director

Form No MGT-9
EXTRACT OF ANNUAL RETURN

As on Financial Year ended 31-03-2020

[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	KFIN TECHNOLOGIES PVT LTD 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	43.16%
2	Manufacture of corrugated paper & paperboard and containers of paper and paper board	1702	54.80%

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					

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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 01.04.2019				No of shares held at the end of the year 31.03.2020				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
1)	Indian									
a)	Individual /HUF	3970470	800	3971270	26.48	3966226	800	3967026	26.45	-0.03
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)	3970470	800	3971270	26.48	3966226	800	3967026	26.45	-0.03
2)	Foreign									
a)	NRI's - Individuals	1499192	811560	2310752	15.41	2310752	0	2310752	15.41	0.00
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)	1499192	811560	2310752	15.41	2310752	0	2310752	15.41	0.00
	Total shareholding of Promoters (A) = (A)(1)+(A)(2)	5469662	812360	6282022	41.88	6276978	800	6277778	41.85	-0.03
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

	Category of shareholders	No of shares held at the beginning of the year 01.04.2019				No of shares held at the end of the year 31.03.2020				% 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	0	0	0	0	0	0	0	0	0.00
	Sub Total (B)(1)	250000	13200	263200	1.75	250000	13200	263200	1.75	0.00
2	Non Institutions									
a)	Bodies Corporate									
	(i) Indian	324821	35200	360021	2.40	315285	35000	350285	2.34	-0.06
	(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	1618222	523934	2142156	14.28	1581873	480434	2062307	13.75	-0.53
	(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4860273	161740	5022013	33.48	4781645	149740	4931385	32.88	-0.60
c)	Others (Specify)									
	Clearing Members	928	0	928	0.01	9875	0	9875	0.07	0.06
	Non Resident Indians	522996	104000	626996	4.18	675532	104000	779532	5.20	1.02
	Trust / Welfare Fund	0	38000	38000	0.25	0	38000	38000	0.25	0.00
	HUF	156864	0	156864	1.05	179838	0	179838	1.20	0.15
	NBFC regd with RBI	0	0	0	0.00	0	0	0	0.00	0.00
	IEPF	107800	0	107800	0.72	107800	0	107800	0.72	0.00
	Sub Total (B)(2)	7591904	862874	8454778	56.37	7651848	807174	8459022	56.39	0.03
	Total public shareholding (B) = (B)(1) + (B)(2)	7841904	876074	8717978	58.12	7901848	820374	8722222	58.15	0.03
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)	13311566	1688434	15000000	100.00	14178826	821174	15000000	100.00	0.00

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(ii) Shareholding of promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% 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
6	Sanjay S. Patel	203747	1.36	0	186397	1.24	0	-0.12
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 P. Patel	387796	2.59	0	387796	2.59	0	0.00
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
15	Aruna Nareshbhai Patel	156600	1.04	0	156600	1.04	0	0.00
16	Ranjanben S. Patel	402701	2.68	0	407707	2.72	0	0.03
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	248549	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	64250	0.43	0	64250	0.43	0	0.00
25	Alpana S. Patel	97964	0.65	0	106064	0.71	0	0.05
26	Sheilaja Dipam Patel	387796	2.59	0	387796	2.59	0	0.00
27	Vatsala U. Patel	148544	0.99	0	148544	0.99	0	0.00
	Total	6282022	41.88	0	6277778	41.85	0	-0.03

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

Sl No.	Name	Shareholding at the beginning of the year 01.04.2019		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	203747	1.36	203747	1.36
	12.04.2019 - Sale	-13000	-0.09	190747	1.27
	24.01.2020 - Sale	-1350	-0.01	189397	1.26
	31.01.2020 - Sale	-3000	-0.02	186397	1.24
	Closing balance as on 31.03.2020			186397	1.24
2	Ranjanben Suresh Patel				
	At the beginning of the year	402701	2.68	402701	2.68
	12.04.2019 - Purchase	5000	0.03	407701	2.72
	20.09.2019 - Purchase	6	0.00	407707	2.72
	Closing balance as on 31.03.2020			407707	2.72
3	Alpana Suresh Patel				
	At the beginning of the year	97964	0.65	97964	0.65
	12.04.2019 - Purchase	8000	0.05	105964	0.71
	20.09.2019 - Purchase	100	0.00	106064	0.71
	Closing balance as on 31.03.2020			106064	0.71

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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 01.04.2019		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 31.03.2020	900000	6.00	900000	6.00
2	Seema Goel At the beginning of the year At the end of the year 31.03.2020	642000	4.28	642000	4.28
3	Yamini M Patel At the beginning of the year At the end of the year 31.03.2020	471308	3.14	471308	3.14
4	Naina Rajendrabhai Patel At the beginning of the year At the end of the year 31.03.2020	358000	2.39	358000	2.39
5	Urmilaben Jagdishbhai Patel At the beginning of the year At the end of the year 31.03.2020	199302	1.33	199302	1.33
6	K S I I D C At the beginning of the year At the end of the year 31.03.2020	190000	1.27	190000	1.27
7	*Rahul Devendra Desai At the beginning of the year 04.10.2019 - Purchase 25.10.2019 - Sale 01.11.2019 - Sale At the end of the year 31.03.2020	0 156600 -4641 -781	0 1.04 -0.03 -0.01	0 156600 151959 151178 151178	0.00 1.04 1.01 1.01 1.01
8	Jagdishbhai Mafatbhai Patel At the beginning of the year At the end of the year 31.03.2020	146400	0.98	146400	0.98
9	Arvindkumar U Patel At the beginning of the year At the end of the year 31.03.2020	143560	0.96	143560	0.96

SI No.	Names	Shareholding at the beginning of the year 01.04.2019		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10	*Utpal J Purohit				
	At the beginning of the year	76500	0.51	76500	0.51
	24.05.2019 - Purchase	5000	0.03	81500	0.54
	07.06.2019 - Purchase	1362	0.01	82862	0.55
	14.06.2019 - Purchase	4171	0.03	87033	0.58
	21.06.2019 - Purchase	2293	0.02	89326	0.60
	11.10.2019 - Purchase	9336	0.06	98662	0.66
	18.10.2019 - Purchase	664	0.00	99326	0.66
	14.02.2020 - Purchase	1300	0.01	100626	0.67
	21.02.2020 - Purchase	6452	0.04	107078	0.71
	06.03.2020 - Purchase	10000	0.07	117078	0.78
	27.03.2020 - Purchase	10000	0.07	127078	0.85
	At the end of the year 31.03.2020			127078	0.85

*The shareholder was not in the list of top 10 shareholders as on 31.03.2019. The same has been reflected above since the shareholder is one of the top 10 shareholder as on 31.03.2020

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(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Names	Shareholding at the beginning of the year 01.04.2019		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 31.03.2020	218252	1.46	218252	1.46
2	Mr Dineshchandra C Patel - Director At the beginning of the year At the end of the year 31.03.2020	520043	3.47	520043	3.47
3	Mr Jagdish M Patel - Director At the beginning of the year At the end of the year 31.03.2020	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 31.03.2020	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 31.03.2020	2000	0.01	2000	0.01
6	Mr Ajay D Patel - Director At the beginning of the year At the end of the year 31.03.2020	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 31.03.2020	6400	0.04	6400	0.04
8	Mr Jitendra A Patel- Director At the beginning of the year At the end of the year 31.03.2020	447520	2.98	447520	2.98
9	Mrs Girija Shankar - Director At the beginning of the year At the end of the year 31.03.2020	NIL	NIL	NIL	NIL
9	Mr B Ravi Holla - CFO At the beginning of the year 21.02.2020 - Purchase 27.03.2020 - Purchase At the end of the year 31.03.2020	800 50 5	0.005 0.000 0.000	800 850 855 855	0.005 0.00 0.006 0.006
10	Mrs Vidya Bhat At the beginning of the year At the end of the year 31.03.2020	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 01/04/19				
(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
Change in Indebtedness during the financial year				
Addition	1,058.95	-	-	1,058.95
Reduction	632.53	-	-	632.53
Net Change	426.42	-	-	426.42
Indebtedness at the end of the financial year 31/03/20				
(i) Principal Amount	4,220.03	-	-	4,220.03
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i)+(ii)+(iii)	4,220.03	-	-	4,220.03

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VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

FY 2019-20

Sl No.	Particulars of Remuneration	Mr Manish M Patel MD (₹ in Lakhs)
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	101.58
	(b) Value of Perquisites under Section 17(2) of the Income Tax Act, 1961	0.65
	(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	9.80
	- others, specify	
5	Others - (Non Taxable)	1.35
	Total (A)	113.38
	Ceiling as per the Act	113.38

(₹ in Lakhs)

B Remuneration to other Directors

Particulars of Remuneration		Name of Directors						
Sl No.	Independent 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	1.10	1.10	0.40	0.80	0.50	3.90	
(ii)	Commission	2.83	2.82	2.82	2.83	2.82	14.12	
(iii)	Others, please specify	-	-	-	-	-	-	
	Total (1)	3.93	3.92	3.22	3.63	3.32	18.02	
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	0.40	0.30	1.00			
(ii)	Commission	2.83	2.83	2.82	8.48			
(iii)	Others, please specify	-	-	-	-			
	Total(2)	3.13	3.23	3.12	9.48			
Total (B) = (1+2)		27.50						
Total Managerial Remuneration (A+B)		140.88						
Overall Ceiling as per the Act		140.88						

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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	-	5.80	13.17	18.97
	(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)	-	0.21	0.22	0.43
	Total	-	6.01	13.39	19.40

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 2019-20.

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 2019-20 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 : Nanjangud

Date : 25th June 2020

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, 2020.

A) CONSERVATION OF ENERGY

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

1. Steps taken/ impact on conservation of energy:

- i) The Company generates steam for process requirements as well as power generation by Circulating Fluidised Bed Combustion (CFBC) Boiler, which is energy efficient.
- ii) The Company continues to phase out high energy consuming devices especially in the areas of stock refining vacuum systems and pumping systems to incorporate modern equipment.
- iii) Static inverter drives have been installed for boilers, ID/FD fans and for all the rewinders to reduce energy consumption(PM5)
- iv) Variable frequency drives have been installed on all the fan pumps of the new machine. This allows a continuous saving of energy at varying process conditions.
- v) Paper Machines line shaft drives modified to AC variable / DC drives,resulting in energy savings.
- vi) High Capacity Motors are provided with soft starters which contribute about 5% savings compared to conventional starters.
- vii) Installation of capacitor banks to optimize power factor and other energy saving devices.
- viii) Recycling of back water in new machine, to conserve fresh water
- ix) Construction of fuel shed, for storing fuel items in good condition, resulted in reduced wastage & energy savings
- x) Replaced old press section in Machine No.1 with higher nip load press part resulting in saving in steam consumption.
- xi) Installed water flow meter at relevant lines to monitor and control the water consumption resulting in saving of fresh water and pumping energy.
- xii) Boiler cooling water collected in a tank and fed to cooling tower which result in saving of fresh water and pumping energy.
- xiii) Micro Travel Showers introduced on all machines to conserve fresh water consumption and pumping energy.
- xiv) Factory Pump house motor provided with VFD with Auto pressure monitoring
- xv) The New boiler is equipped with variable frequency drives for all motors
- xvi) Energy meter is installed in all HT feeders

- xvii) Installed VFD for cooling water pump
- xviii) All the cooling system water is connected to cooling tower thereby reducing the cooling tower water consumption.
- xix) Invested on LED light fittings in the new boiler area
- xx) New 50TPH Boiler equipped with VFD Drive for all 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

		2019- 20	2018-19
		₹ in Lakhs	₹ in Lakhs
	Total Foreign exchange used :		
A	Raw Materials	4,265.14	5,177.90
B	Stores, Spares, Consumables	262.38	201.17
C	Capital Goods	466.14	656.84
D	Commission & Brokerage	5.21	9.24
E	Travelling Expenses	2.41	9.71
		5,001.28	6,054.86
	Total Foreign exchange earned :	661.61	1048.87

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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, 2020

SI 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	31: 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	-6% 1% 35%
3	The percentage increase in the median remuneration of employees in the financial year		4%
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	1.63% -4.04%
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, 2020.

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, 61, B.E.Hons. (ChE), M.B.A.	Managing Director from 20/5/04 10-09-1985(34)	113.38	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 : Nanjangud
Dated : 25th June, 2020

Manish M Patel
Chairman & Managing Director

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REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES(CSR) FOR THE FINANCIAL YEAR 2019-20

[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 : ₹ 1,386.18 lakhs

4. Prescribed CSR expenditure (2% of the amount as in Item 3 above) ₹ 27.75 lakhs

5. Details of CSR spent during the Financial year

- (a) Total amount to be spent for the financial year : ₹ 27.75 lakhs
- (b) Amount unspent, if any : ₹ 11.08 Lakhs
- (c) Manner in which the amount spent during the financial year is detailed below

	₹ in lakhs
(i) Improvement in Health Care & Education	9.50
(ii) Rural Development Project	4.80
(iii) Disaster Management including relief, rehabilitation & reconstruction	2.27

(iv) Donation to PM relief fund	0.10
Total amount spent	<u>16.67</u>

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.

As these are ongoing projects, balance unspent amount will be spent in the following year.

For and on behalf of the Board of Directors

Nanjangud
25th June 2020

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 31.03.2020.

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.

**The Company has re appointed Mr Dineshchandra C Patel as Non executive Director in its Annual General Meeting held on 20th Sept 2018 by way of ordinary resolution which was approved unanimously. The Company is in the process of obtaining requisite shareholders approval by way of special resolution pursuant to Regulation 17 (1A) of SEBI (LODR) 2015, in the ensuing Annual General Meeting.*

During the financial year under review 4 Board Meetings were held.

Board Meeting Dates are furnished below

- 23rd May 2019
- 25th July 2019
- 24th October 2019
- 23rd January 2020

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 19 th September, 2019
Mr. Manish M. Patel	4	Yes
Mr. Dineshchandra C. Patel	3	No
Mr. Jagdish M. Patel	4	No
Mr. M.G. Mohan Kumar	4	Yes

Mr. S.R. Chandrasekara Setty	4	Yes
Mr. Ajay D. Patel	4	No
Mr. N S Kishore Kumar	4	No
Mr. Jitendra A Patel	3	No
Mrs Girija Shankar	4	Yes

Mr. Dineshchandra 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	3	-	-
Mr.Dineshchandra C. Patel	1	-	-
Mr.Jagdish M. Patel	-	-	-
Mr. M.G. Mohan Kumar	7	3(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 17-03-2020 and it was attended by all the Independent Director's except Mr N S Kishore Kumar & Mr Jagdish M Patel.

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 summarized below:

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

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Name of Directors	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
Manish M Patel	√		√	√	√
Dineshchandra C Patel	√		√	√	√
M G Mohan Kumar		√		√	√
S R Chandrasekara Setty		√		√	√
Jagdish M Patel			√	√	√
Ajay D Patel	√		√	√	√
Jitendra A Patel	√		√	√	√
N S Kishore Kumar		√		√	√
Girija Shankar				√	√

3. AUDIT COMMITTEE

The broad terms of reference of the Audit Committee are:

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

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

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

Name	No. of meetings attended
Mr. M.G. Mohan Kumar- Chairman	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 2019-2020 i.e on

- 23rd May 2019
- 25th July 2019
- 24th October 2019
- 23rd January 2020

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

1 meeting was held during the year on 23rd May 2019 and it was attended by all the members

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 19-09-2019 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 (Rs in Lakhs) (Board /Committee Meetings)	Commission (₹ in Lakhs)	Total (₹ in Lakhs)
Mr. Dineshchandra C Patel	0.30	2.83	3.13
Mr. Jagdish M Patel	0.80	2.83	3.63
Mr. M G Mohan Kumar	1.10	2.83	3.93
Mr. S R Chandrasekara Setty	1.10	2.82	3.92

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Mr. Ajay D Patel	0.40	2.83	3.23
Mr. N S Kishore Kumar	0.40	2.82	3.22
Mr. Jitendra A Patel	0.30	2.82	3.12
Mrs. Girija Shankar	0.50	2.82	3.32
Total	4.90	22.60	27.50

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 held on 20th Sept 2018 by special resolution. Remuneration paid/ provided to Mr. Manish M Patel for 2019-2020, is as follows:

Particulars	₹ in lakhs
Salary	90.00
Perquisites	12.36
Commission on net profits of the Company	9.80
Contribution to Provident Fund	0.22
Contribution to Super Annuation Fund	1.00
Total	113.38

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 9 times during the year on 10-04-2019, 10-05-2019, 23-05-2019, 30-05-2019, 25-07-2019, 30-07-2019, 31-08-2019, 24-10-2019, 20-01-2020

The Committee comprises of the following Directors and their attendance particulars during 2019-20 are as follows:

Name	No. of Meetings attended
Mr. M.G. Mohan Kumar – Chairman	9
Mr. S R Chandrasekara Setty	9

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 : Relating to Non credit of Demat
Received during 2019-2020 shares/dividend/Bonus share certificate/
Share certificates after transfer, aggregating to
8
All 8 were resolved.
- No. of complaints not solved to the satisfaction of shareholders : Nil
- No. of pending complaints as on 31st March 2020 : 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: 6 meetings were held on 10-06-2019, 12-08-2019, 19-09-2019, 24-10-2019, 31-12-2019 and 23-01-2020 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
2016-17	26 th September, 2017 at 3.30 p. m	Regd office at Chikkayanachatra, Nanjangud - 571302	No special resolution was passed
2017-18	20 th September, 2018 at 3.30 p. m	-do-	Approval for 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

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2018-19	19 th September 2019 at 3.30 p.m	-do-	Approval for 1. Reappointment of Mr M G Mohan Kumar as an Independent Director 2. Reappointment of Mr S R Chandrasekara Setty as an Independent Director 3. Reappointment of Mr Jagdish M Patel as an Independent Director 4. Reappointment of Mr N S Kishore Kumar as an Independent Director 5. Reappointment of Mrs Girija Shankar as an Independent Director 6. Approval for payment of commission to non whole time directors
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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 2020 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

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

With respect to Reg 17(1A) of SEBI (LODR) Regulations, the Company is in the process of obtaining requisite

shareholders approval by way of special resolution at the ensuing AGM in order to comply with Regulation 17(1A) in connection with the appointment of Mr D C Patel who is above the age of 75 years.

With respect to Reg 20(2A) of SEBI (LODR) Regulations dealing with composition of Stakeholder Relationship Committee, the Company will take necessary steps to re constitute the Stakeholder Relationship Committee so as to comprise of 3 Directors in compliance with the amended regulation, which had been missed out inadvertently.

The Company has complied with the other 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

No 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 25th June 2020.

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.

COMPLIANCE WITH RESPECT TO DISCRETIONARY REQUIREMENTS

The Company has adopted following non-mandatory / discretionary requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulation 27(1)).

Modified Opinion(s) in Audit Report

The Company is in the regime of financial statements with unmodified audit opinion.

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.

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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 2019-20 on 19th September, 2019 and it was attended by all the members.

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 2020.

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 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.

10. GENERAL SHAREHOLDER INFORMATION:

- AGM-Date, time and Venue 24th September, 2020 at 3.30 P.M.
Through Video Conference (VC)
- Financial Calendar April 1, 2020 to March 31, 2021
 - First Quarter Results Last week of July 2020
 - Second Quarter Results Last week of October 2020
 - Third Quarter Results Last week of January 2021
 - Audited Results for 2020-21 Last week of May 2021
 - First quarter Results of 2021-22 Last week of July 2021
 - Annual General Meeting September 2021
- Date of Book Closure 01/09/2020 to 26/09/2020
- Dividend payment date Before 23rd October 2020
- Listing on Stock Exchanges BSE Limited,
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001
Listing fees for 2020-2021 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 2019-2020

Date	High (₹)	Low (₹)	No. of Shares	BSE Sensex	
				High	Low
April 2019	84.50	78.00	28,928	39,487	38,460
May 2019	84.75	72.00	45,160	40,125	36,956
June 2019	80.95	74.30	24,951	40,312	38,871
July 2019	86.25	69.00	26,593	40,032	37,128
August 2019	80.00	67.45	28,316	37,808	36,102
September 2019	97.50	71.00	63,479	39,441	35,988
October 2019	99.00	79.05	45,092	40,392	37,416
November 2019	85.80	66.45	1,52,521	41,164	40,014
December 2019	82.00	71.00	47,735	41,810	40,135
January 2020	84.00	66.00	56,770	42,274	40,477
February 2020	72.00	54.00	1,10,257	41,709	38,220
March 2020	63.00	32.60	1,53,340	39,083	25,639

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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.

There has been a change in the name of our Registrar and Share Transfer Agent from 'Karvy Fintech Private Limited' to 'KFin Technologies Private Limited' during the year. There has been no change in their correspondence address

Address of our Registrars & Transfer Agents

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

• Share Transfer System

SEBI in June 2018 amended Regulation 40 of the Listing Regulations prohibiting transfer of shares held in physical mode w.e.f 1st April 2019. Transposition and Transmission are exempted from this amendment. Accordingly transfer of shares in physical mode is not permitted. Requirements under the Listing Regulations /Statutory obligations are being followed

• Shareholding pattern & Distribution of Shareholding:-

Shareholding pattern as on 31 st March 2020			
Sl. No.	Category	No. of Shares Held	Percentage of shareholding
A	Promoters' Holding		
1	Promoters*		
	- Indian Promoters	39,67,026	26.45%
	- Foreign Promoters	23,10,752	15.41%
	Sub Total	62,77,778	41.85%
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	1.76%
3	Others		
A	Private Corporate Bodies	3,50,285	2.34%
B	Indian Public	69,93,692	46.62%
C	NRIs	7,79,532	5.20%
D	Any other (please specify)		
	a) Welfare Fund / Trust	38,000	0.25%
	b) HUF	1,79,838	1.20%
	c) Clearing members	9,875	0.07%
	d) IEPF	1,07,800	0.72%
	Sub Total	84,59,022	56.39%
	Grand Total	1,50,00,000	100.00%

Distribution of Shareholding as on 31st March 2020				
Category	No. of Holders	%	No. of Shares	%
Upto 100 shares	872	23.11	46678	0.31
101-200	549	14.55	104085	0.69
201-500	1,525	40.42	598830	3.99
501-1000	297	7.87	241736	1.61
1001-5000	329	8.72	757324	5.05
5001-10000	74	1.96	530654	3.54
10001-100000	95	2.52	3216956	21.45
100001 and above	32	0.85	9503737	63.36
TOTAL	3,773	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 Amendments to Reg 40 of SEBI (LODR) Regulations in June 2018 transfer of shares in physical mode is prohibited w.e.f 1st April 2019. Hence for trading in the shares of our Company the shares have to be compulsorily dematted.

As on 31.03.2020, 2,783 shareholders are holding shares in demat form and 1,41,78,826 shares have been dematerialized, representing 94.53% of the total equity capital.
- Outstanding GDRs/ADRs/Warrants Or any Convertible instruments**

Not issued
- Plant Locations**

Chikkayanachatra, Nanjangud-571 302
Thandavapura, Nanjangud - 571 302
Karnataka State, INDIA
- Address for Correspondence**

Our Registrars & Transfer Agents
KFin Technologies Pvt Ltd
Selenium Tower B
Plot No. 31& 32
Gachibowli Financial District, Nanakramguda
Serilingampally, Hyderabad -500 032
Telangana
Tel : (040) 6716 2222
E-mail : einward.ris@kfintech.com

Registered Office of Company
Chikkayanachatra, Nanjangud-571 302
Karnataka State, INDIA
Tel: (08221) 228265,228266,228267
Fax : (08221) 228270
Website : www.sipaper.com

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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, 2020.

For and on behalf of the Board

Nanjangud
Dated: 25th June, 2020

Manish M Patel
Chairman & Managing Director

AUDITORS CERTIFICATE ON THE COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015

To,
The Members of
The South India Paper Mills Limited

We have examined the compliance of conditions of Corporate Governance by **The South India Paper Mills Limited** (hereinafter referred to as “Company”) for the financial year ended 31st March, 2020, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 [“SEBI (LODR) Regulations, 2015”] entered into by the Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, 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. 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.

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, 2015 except (i) Regulation 17(1A) relating to continuation of appointment of non executive Director who has attained the age of seventy five years and (ii) Regulation 20(2A) relating to reconstitution of Stakeholders Relationship Committee.

Date : 25th June 2020
Place : Mysore

for **Murthy Swamy & Associates LLP**
Chartered Accountants
Firm Registration Number: S200065

Narayana Swamy T S
Partner
M No. 241535
UDIN : 20241535AAAAAB3080

Form No. MR-3

SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

[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.

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our 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, 2020 (“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, 2020 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 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

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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 the BSE Limited read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc., mentioned above subject to my comments in annexure I.

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 subject to my comments annexed. There were no changes in the composition of the Board of Directors of the company during the Audit Period.

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

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

25.06.2020

Mysuru

CS Hitaish Kumar S N

FCS No.6564

C P No.:6553

UDIN: F006564B000435762

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

Annexure I

- (i) Non-compliance with the requirements of Regulation 17(1A) of the amended SEBI (LODR) Regulations 2015 effective from 01.04.2019 - pertaining to appointment or continuation of Dineshchandra C Patel, Non executive director who has attained the age of seventy five years.
- (ii) Non-compliance of Regulation 20(2)/(2A) of the amended SEBI (LODR) Regulations 2015 effective from 01.04.2019 – pertaining to re-constitution of stakeholder relationship committee

Annexure II

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.

25.06.2020

Mysuru

CS Hitaish Kumar S N

FCS No.6564

C P No.:6553

UDIN: F006564B000435762

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 **31st March 2020**, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS 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 Companies Act, 2013, as amended ("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 31st March 2020, and its profits including other comprehensive income, its cash flows and the changes in equity 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 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Results 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 results 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 opinion.

Emphasis of matter

We draw attention to Note 41 of the financial statements, describing that the pandemic COVID-19 would cause various social and economic disruption impacting supply chains, consumer demand, commodity prices, personnel available for work and access to offices of the Company. Our opinion is not modified in respect of this matter.

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 Annual Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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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 Ind AS 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 for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Board of Directors is 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS 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.

As part of an 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 Ind AS 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 Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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.

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 the "**Annexure A**" 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

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- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**” to this report;
 - 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 does not have any pending litigations which would impact its financial position;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
3. With respect to the matter to be included in the Auditor’s Report under Section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company, to its Directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to its Directors is not in excess of the limit laid down u/s 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details u/s 197(16) which are required to be commented upon by us.

Date : 25th June 2020
Place : Mysore

for **Murthy Swamy & Associates LLP**
Chartered Accountants,
Firm Registration Number: S200065
Narayana Swamy T S
Partner
M No.: 241535
UDIN : 20241535AAAAAB3080

Annexure A referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

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 property, plant and equipment.
 - (b) According to the practice of the Company, property, plant and equipment 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 by the management and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment 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. Discrepancies noted on physical verification of inventories have been properly dealt with in the books of account. Due to outbreak of COVID-19 and lock down restrictions imposed by the Government, the Company has carried out its year end exercise of physical verification of Inventories subsequent to the year-end covering certain class of inventories.

- (iii) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- (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) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not 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(l) of the 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 with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and services tax, cess and other statutory dues applicable to it.
- 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	Forum where the dispute is pending
Central Excise Act, 1944 / CENVAT Credit Rules, 2004	Excise	₹ 8,15,339	2008-09	CESTAT, Bangalore
	Penalty	₹ 50,000		

Except dues stated above, there are no other dues of income tax, sales-tax, service tax, custom duty, excise duty, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks. The Company does not have any borrowings from Government and financial institutions or has not issued any debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3(ix) of the Order is not applicable.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or no fraud on the company by the officers or employees of the company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management and based on our examination of the records of the Company, the managerial remuneration has been paid / provided 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 by the management, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.

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- (xiii) According to the information and explanations given by the management and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company.
- (xv) According to the information and explanations by the management 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 as referred to in Section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

Date : 25th June 2020

Place : Mysore

for **Murthy Swamy & Associates LLP**

Chartered Accountants,

Firm Registration Number: S200065

Narayana Swamy T S

Partner

M No.: 241535

UDIN : 20241535AAAAAB3080

Annexure B to the Independent Auditor's Report of even date on the financial statements of The South India Paper Mills Limited

Report on the Internal Financial Controls Over Financial Reporting 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 at 31st March 2020 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 With Reference to these Financial Statements

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 with reference to these Financial Statements

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 31st March 2020, 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.

Date : 25th June 2020

Place : Mysore

for **Murthy Swamy & Associates LLP**

Chartered Accountants

Firm Registration Number: S200065

Narayana Swamy T S

Partner

M No. 241535

UDIN : 20241535AAAAAB3080

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THE SOUTH INDIA PAPER MILLS LIMITED
BALANCE SHEET AS AT 31st MARCH, 2020

Particulars	Notes	As at 31.03.2020 ₹ in Lakhs	As at 31.03.2019 ₹ in Lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	3	12,807.44	13,229.68
Capital work in progress	3	1,497.16	782.01
Intangible assets	3	0.63	1.82
Other Non-Current Assets	4	3,154.17	1,020.69
		17,459.40	15,034.20
Current assets			
Inventories	5	3,223.29	3,640.20
Financial assets			
Trade receivables	6	2,952.92	3,970.82
Cash and cash equivalents	7	39.48	99.88
Other bank balances	8	1,303.16	676.40
Other Financial Assets	9	26.26	18.68
Other Current Assets	10	309.07	440.53
		7,854.18	8,846.51
Assets classified as held for sale		21.16	-
		7,875.34	8,846.51
TOTAL ASSETS		25,334.74	23,880.71
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	1,500.00	1,500.00
Other equity	12	15,433.83	14,103.81
TOTAL EQUITY		16,933.83	15,603.81
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13	2,614.46	3,217.04
Other Financial Liabilities	14	168.24	170.49
Provisions	15	39.61	28.62
Deferred tax liabilities (net)	16	1,663.84	1,492.86
		4,486.15	4,909.01
Current liabilities			
Financial liabilities			
Borrowings	17	1,058.95	14.80
Trade payables	18		
(a) total outstanding dues of MSME; and		2.00	0.06
(b) total outstanding dues of creditors other than MSME		1,339.69	2,176.35
Other Financial Liabilities	19	735.44	639.87
Other Liabilities	20	464.94	246.95
Provisions	21	296.24	289.86
Current tax liabilities(net)	22	17.50	-
		3,914.76	3,367.89
TOTAL LIABILITIES		8,400.91	8,276.90
TOTAL EQUITY AND LIABILITIES		25,334.74	23,880.71

Summary of significant accounting policies & key accounting estimates & judgements - See Note 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 : Nanjangud
Date : 25th June, 2020

THE SOUTH INDIA PAPER MILLS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	Notes	Year ended 31.03.2020 ₹ in Lakhs	Year ended 31.03.2019 ₹ in Lakhs
INCOME			
Revenue from Operations	23	21,761.08	24,249.58
Other income	24	82.85	80.32
TOTAL INCOME		21,843.93	24,329.90
EXPENSES :			
Cost of materials consumed	25	9,385.12	11,023.01
Changes in Inventories of Finished Goods and Work-in-Progress	26	(54.95)	93.70
Employee benefits expense	27	2,499.33	2,284.83
Depreciation and amortisation expense	3	976.66	949.99
Finance costs	28	411.46	445.37
Other expenses	29	6,492.87	7,211.29
TOTAL EXPENSES		19,710.49	22,008.19
Profit before tax		2,133.44	2,321.71
Tax expenses			
Current tax		(371.86)	(503.00)
MAT credit (utilised) / entitlement		(285.82)	43.71
Current tax relating to earlier years		7.96	(0.97)
Deferred Tax (charge) / credit		111.06	(24.70)
Total tax expenses		(538.66)	(484.96)
Profit for the year		1,594.78	1,836.75
Other comprehensive Income (OCI)			
Income / (loss) that will not be reclassified to Statement of Profit and Loss :			
Re-measurement gains / (losses) on defined benefit plans		9.15	(30.34)
Less : Income tax effect on above		(2.67)	8.84
Total Other comprehensive income / (loss) for the year		6.48	(21.50)
Total comprehensive income for the year		1,601.26	1,815.25
Earnings per share (EPS)			
Basic & Diluted (in Rupees)	30	10.63	12.25
Summary of significant accounting policies & key accounting estimates & judgements - See Note 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 : Nanjangud
Date : 25th June, 2020

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CORPORATE INFORMATION

The South India Paper Mills Ltd, a Public Limited Company, incorporated under the provisions of the Companies Act, 1956. The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited. The registered office of the Company is located at Chikkayanachatra, Nanjangud, Karnataka – 571302. The Company Corporate Identity Number (“CIN”) is L85110KA1959PLC001352.

The Company is primarily engaged in the manufacture of Paper, Paperboards, Cartons and Power Generation.

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

A.1 Basis of preparation

a) Statement of Compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013 (“the Act”).

The financial statements were authorised for issue in accordance with a resolution of the Company’s Board of Directors on 25th June, 2020.

These financial statements have been prepared on the historical cost basis, except for certain items that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. 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:

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is :

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c) Functional and Presentation Currency:

The financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency and all amounts are rounded to the nearest two decimal of lakhs (₹00,000), except when otherwise indicated.

1.2 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.

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.

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%
Plant & Machinery	8 to 40 Years	Nil to 5%
Office Equipment	5 Years	Nil
Furniture & Fixtures	10 Years	Nil
Vehicles	8 Years	5%
Computers – Servers & Networks	6 Years	Nil
– End user devices	3 Years	Nil

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (*calculated as the difference between the net disposal proceeds and the carrying amount of the asset*) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

1.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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Computer Software which is not an integral part of the related hardware is classified as an intangible asset. Intangible assets are amortised on a reducing balance method over the estimated useful economic life of 6 years, based on management's estimate of useful life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds/net realizable value and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

1.4 Impairment

(i) 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.

(ii) Non-financial assets -

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

1.5 Revenue from contract with customer

The Company earns revenue from contract with customer primarily from sale of goods.

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.

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 (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 “Other 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.

1.6 Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. However, raw 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.

Costs incurred in bringing each product to its present location and condition are accounted for as follows :

- Raw materials, consumables & stores and fuel : Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.
- Finished goods and Work-in-Progress : Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on moving weighted average basis.

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Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for slow moving and obsolete inventory is assessed by the management and is provided as considered necessary.

1.7 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents includes other short-term highly liquid investments with original maturities of three months or less. For the purpose of the Statement of cash flows, cash and cash equivalents consists of cash and short term deposits as defined above.

1.8 Cash Flow Statement

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

1.9 Foreign currencies

The financial statements are presented in Indian Rupees ('INR'), which is the functional currency of the Company.

Transactions and balances -

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

Monetary items denominated in foreign currencies as at the balance sheet date are translated at the exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss as income or expense.

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

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

1.10 Retirement and other employee benefits

(i) Short-term employee benefits -

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current provisions in the balance sheet.

(ii) Compensated absences -

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.

(iii) Post-employment benefits -

The Company operates the following post-employment benefit schemes :

- defined contribution plans such as provident fund and employee state insurance scheme ; and
- defined benefit plans such as gratuity.

Defined contribution plans :

The Company makes specified monthly contribution towards employee provident fund, superannuation fund and employees state insurance schemes to Government administered schemes which are the defined contribution schemes. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans :

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service cost.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

1.12 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".

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1.13 Leases

Company as a Lessee -

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether :

- (i) the contract involves the use of an identified asset,
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Company as a Lessor -

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.14 Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognized 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.

(i) Current income tax -

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(ii) 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.

In the situations where the Company is entitled to a tax holiday, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

(iii) Minimum alternate tax (MAT)-

In accordance with the provisions of Section 115JAA of the Income Tax Act, 1961, the Company is allowed to avail credit equal to the excess of Minimum Alternative Tax ('MAT') over normal income tax for the assessment year for which MAT is paid. MAT credit so determined can be carried forward for and set-off for fifteen succeeding years for the year in which such credit becomes available. MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income Tax Act, 1961 and such tax is in excess of MAT for that year. The MAT credit asset is written down to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.15 Financial instruments

Financial instruments are recognised when the Company becomes a party to the contract that gives rise to financial assets and financial liabilities.

Financial Assets

Initial recognition and measurement

All 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.

Subsequent measurement

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate method if these financial assets are held within a business whose objective is to hold these assets 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.

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. Fair value movements are recognized in Other Comprehensive Income (OCI).

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.

Derecognition

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 derecognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and borrowings.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Loans and Borrowings

Financial liabilities are subsequently measured at amortised 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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms,

or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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 recognised 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 realize the assets and settle the liabilities simultaneously.

1.16 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 hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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.

1.17 Provisions, contingent liabilities and contingent assets

(i) Provisions -

Provision are recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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(ii) Contingent liabilities -

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

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.

The Company does not recognise a contingent liability but discloses in the financial statements.

(iii) Contingent assets -

Contingent assets are neither recognised nor disclosed in the financial statements.

1.18 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

1.19 Cash dividend to equity shareholders of the Company

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

1.20 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. Grants relating to assets, including non-monetary grants are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

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 :

(i) 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.

(ii) Useful life of property, plant and equipment and intangible assets :

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.

(iii) 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

New and amended standards

The Company applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Ind AS 116 Leases

Company has taken properties on lease, only on short-term basis i.e. lease period's of less than 12 months. Hence, applying Para 6 of Ind AS 116, lease payments are recognised as an expense on a straight-line basis over the lease term.

Several other amendments and interpretations apply for the first time in during the year ending 31st March, 2020, 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/ notified.

Notes to financial statements for the year ended March 31, 2020

₹ in Lakhs

NOTE 3

PROPERTY, PLANT AND EQUIPMENT / CAPITAL WORK-IN-PROGRESS / OTHER INTANGIBLE ASSETS

Description	Gross Block			Accumulated Depreciation				Net Block				
	As on 01.04.2019	Additions during the year	Deletions during the year	Transfer #	As on 31.03.2020	As on 01.04.2019	Depn for the year	Depreciation on Deletion	Transfer #	As on 31.03.2020	As on 31.03.2020	As on 31.03.2019
(i) TANGIBLE ASSETS												
Freehold Land	323.29	-	-	14.10	309.19	-	-	-	-	-	309.19	323.29
Building	2,794.98	298.70	-	8.29	3,085.39	907.40	124.11	-	1.24	1,030.27	2,055.12	1,887.58
Plant and Machinery	19,338.41	218.88	-	-	19,557.29	8,385.68	832.04	-	-	9,217.72	10,339.57	10,952.73
Office Equipments	48.98	0.76	-	-	49.74	48.42	0.33	-	-	48.75	0.99	0.56
Furniture and Fixtures	97.44	16.46	-	-	113.90	83.10	5.02	-	-	88.12	25.78	14.34
Vehicles	190.72	38.66	14.59	-	214.79	142.04	12.18	13.85	-	140.37	74.42	48.68
Computers	113.71	1.66	-	-	115.37	111.21	1.79	-	-	113.00	2.37	2.50
Total	22,907.53	575.12	14.59	22.39	23,445.67	9,677.85	975.47	13.85	1.24	10,638.23	12,807.44	13,229.68
Previous Year	21,760.30	1,175.51	28.28	-	22,907.53	8,757.38	947.69	27.22	-	9,677.85	13,229.68	13,002.92
Transfer #: Regrouped as Assets held for Sale												
(ii) INTANGIBLE ASSETS												
Computer Softwares	45.27	-	-	-	45.27	43.45	1.19	-	-	44.64	0.63	1.82
Total	45.27	-	-	-	45.27	43.45	1.19	-	-	44.64	0.63	1.82
Previous Year	45.27	-	-	-	45.27	41.15	2.30	-	-	43.45	1.82	4.12
(iii) CAPITAL WORK IN PROGRESS												
At Cost	-	-	-	-	-	-	-	-	-	-	1,497.16	782.01
Total	-	-	-	-	-	-	-	-	-	-	1,497.16	782.01
Total	22,952.80	575.12	14.59	22.39	23,490.94	9,721.30	976.66	13.85	1.24	10,682.87	14,305.23	14,013.51
Previous Year	21,805.57	1,175.51	28.28	-	22,952.80	8,798.53	949.99	27.22	-	9,721.30	14,013.51	14,489.63

Notes to financial statements for the year ended March 31, 2020

Particulars	As at 31.03.2020 ₹ in Lakhs	As at 31.03.2019 ₹ in Lakhs
<u>NON CURRENT ASSETS</u>		
Note 3 : Property, plant and equipment, Capital work-in-progress and Other Intangible assets		
Property, plant & equipment	12,807.44	13,229.68
Capital Work-in-progress	1,497.16	782.01
Other Intangible assets	0.63	1.82
	14,305.23	14,013.51
Note 4 : Non Current - Other Assets		
<i>Unsecured, considered good</i>		
Capital advances	3,110.03	978.41
Security deposits	40.94	38.89
Prepaid expenses	3.20	3.39
	3,154.17	1,020.69
<u>CURRENT ASSETS</u>		
Note 5: Inventories <i>(Valued at lower of cost or net relisable value)</i>		
Raw materials	1,600.46	1,892.71
Raw materials - in transit	191.89	341.00
Adhesives, inks, consumables & stores	875.05	779.47
Fuel	230.91	356.99
Work-in-progress	46.13	32.48
Finished goods	278.85	237.55
	3,223.29	3,640.20
Note 6: Trade receivables		
Considered good <i>(secured)</i>	-	148.14
Considered good <i>(unsecured)</i>	2,952.92	3,822.68
	2,952.92	3,970.82
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.		
Note 7: Cash and cash equivalents		
Cash on hand	3.08	3.30
Balances with banks :	-	-
in Current accounts	36.40	96.58
	39.48	99.88
Note 8: Other bank balances		
Unpaid dividend account	46.05	46.16
In deposit account - Under lien for Letter of Credit & Bank Guarantee	1,257.11	630.24
	1,303.16	676.40

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Notes to financial statements for the year ended March 31, 2020

Particulars	As at 31.03.2020 ₹ in Lakhs	As at 31.03.2019 ₹ in Lakhs
Note 9: Other Financial Assets		
Loans to employees (<i>Unsecured, considered good</i>)	25.50	14.87
Interest receivable	0.76	3.81
	26.26	18.68

Note 10: Current Asset - Others

Advance to suppliers	132.69	197.21
Receivable towards sale of capital goods	-	28.43
Current Tax Asset - Tax refund receivable	48.14	75.89
Prepaid expenses	64.76	64.52
Gratuity asset account	28.06	36.32
Other receivables	-	3.67
Balance with statutory/ government authorities	35.42	34.49
	309.07	440.53

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, 2020		March 31, 2019	
	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, 2020		March 31, 2019	
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, 2020**(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 1st April, 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
Balance as at April 1, 2019	834.60	13,210.73	58.48	14,103.81
Transfers during the year	-	-	-	-
Profit for the year	-	1,594.78		1,594.78
Other comprehensive income / (loss)	-	-	6.49	6.49
Dividend including Dividend Distribution Tax	-	(271.25)		(271.25)
Balance as at March 31, 2020	834.60	14,534.26	64.97	15,433.83

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Notes to financial statements for the year ended March 31, 2020

Particulars	As at 31.03.2020 ₹ in Lakhs	As at 31.03.2019 ₹ 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)	676.47	803.92
Less : Installments due during the next 12 months	(117.65)	(117.65)
	558.82	686.27
Term Loan from Vijaya Bank (SL 88)	466.67	575.00
Less : Installments due during the next 12 months	(100.00)	(100.00)
	366.67	475.00
Term Loan from Vijaya Bank (SL 131)	588.77	699.89
Less : Installments due during the next 12 months	(78.97)	(94.12)
	509.80	605.77
Term Loan from IDBI Bank Ltd	-	1,700.00
Less : Installments due during the next 12 months	-	(250.00)
	-	1,450.00
Term Loan from Bank of Baroda (SL 117/1)	1,429.17	-
Less : Instalments due during the next 12 months	(250.00)	-
	1,179.17	-
	2,614.46	3,217.04

Security for Term Loans :

Term Loans are secured by first charge by hypothecation of entire plant and machinery and by way of deposit of title deeds of land measuring 11.36 acres & 21.25 1/2 acres at Thandavapura & Chikkayyana 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	70 installments w.e.f. 12/08/2017	57 installments w.e.f. 20/01/2015
	V Bk SL 131	BOB TL 171/1 (IDBI BK TL taken over)
Date of Borrowal - first drawal	04 Oct 2016	25 Nov 2016
Date of Maturity	31 Aug 2026	31 Dec 2025
Monthly Installment Amount	₹7,84,314/-	₹20,83,333/-
No. of Installments due after Balance Sheet Date	77 installments w.e.f. 04/04/2018	69 installments w.e.f. 01/04/2018

Notes to financial statements for the year ended March 31, 2020

Particulars	As at 31.03.2020 ₹ in Lakhs	As at 31.03.2019 ₹ in Lakhs
NOTE 14 : NON CURRENT - OTHER FINANCIAL LIABILITIES		
Deposits		
Deposits from Agents	168.24	170.49
	168.24	170.49
NOTE 15 : NON CURRENT LIABILITIES - PROVISIONS		
Provision For Employee Benefits		
Provision for Compensated Absences	39.61	28.62
	39.61	28.62
NOTE 16 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities on -		
Impact of difference between Book Depreciation and Tax Depreciation	2,101.93	2,235.66
	-	-
Deferred tax assets on -	-	-
Expenses / Provisions disallowed for Tax purposes	(62.93)	(85.60)
	2,039.00	2,150.06
Less : MAT credit entitlement	(375.16)	(657.20)
	1,663.84	1,492.86
CURRENT LIABILITIES		
NOTE 17 : CURRENT - FINANCIAL LIABILITIES - BORROWINGS		
Secured Borrowings		
Loans repayable on Demand - from Banks :		
Working Capital Loan from Vijaya Bank	1,058.95	-
<i>(Secured by first charge on current assets (mainly inventories & book debts) and second charge on fixed assets)</i>		
Working Capital Loan from IDBI Bank Ltd	-	14.80
<i>(Secured by pari-passu first charge on current assets (mainly inventories & book debts) and pari-passu second charge on fixed assets)</i>		
	1,058.95	14.80

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Notes to financial statements for the year ended March 31, 2020

Particulars	As at 31.03.2020 ₹ in Lakhs	As at 31.03.2019 ₹ in Lakhs
NOTE 18: CURRENT - FINANCIAL LIABILITIES - TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises*	2.00	0.06
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,339.69	2,176.35
	1,341.69	2,176.41
* 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 31 st March, 2020 and 31 st March, 2019 based on the information received and available with the Company. The Company has not received any claim for interest from any supplier as at the Balance Sheet date. 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.		
NOTE 19 : CURRENT - OTHER FINANCIAL LIABILITIES		
Current maturities of long term debt	546.62	561.77
Liability for capital goods and capital expenses	131.37	20.74
Interest accrued but not Due on trade deposits	11.40	11.20
Unclaimed dividends	46.05	46.16
	735.44	639.87
NOTE 20 : CURRENT LIABILITIES - OTHERS		
Advance towards asset held for sale	198.30	0.00
Advance from customers	3.11	12.65
Other Payables -	-	-
Goods & Service tax payable	44.31	67.13
Tax deducted at source	18.23	17.37
Electricity tax payable	4.92	6.74
	-	-
Other expenses payable / provisions	196.07	143.06
	464.94	246.95
NOTE 21 : CURRENT LIABILITIES - PROVISIONS		
Provision for employee benefits -		
provision for bonus	142.27	114.59
provision for salary, wages and other benefits	116.53	142.51
provision for contribution to PF / ESI etc.,	18.35	17.55
provision for other employee benefits	19.09	15.21
	296.24	289.86
NOTE 22:CURRENT TAX LIABILITIES (NET)		
Provision for Income Tax (<i>net of Advance tax , TDS & TCS</i>)	17.50	-
	17.50	-

Notes to financial statements for the year ended March 31, 2020

Particulars	2019-20 ₹ in Lakhs	2018-19 ₹ in Lakhs
NOTE 23 : REVENUE FROM OPERATIONS		
A. Gross Sales -		
Sale of Products	21,222.20	23,422.76
Sale of Power	437.75	765.90
	21,659.95	24,188.66
B. Other Operating Revenues	101.13	60.92
	21,761.08	24,249.58
NOTE 24 : OTHER INCOME		
Interest Income	75.70	50.40
Exchange rate difference on exports	6.45	28.80
Profit on sale of Plant & equipment	0.70	1.12
	82.85	80.32
NOTE 25 : COST OF MATERIAL CONSUMED		
Raw materials Consumption:		
Waste Paper / Kraft Paper	7,913.68	9,656.34
Others (<i>each less than 10%</i>)	1,471.44	1,366.67
	9,385.12	11,023.01
NOTE 26: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
INVENTORIES AT THE BEGINNING OF THE YEAR		
Finished Goods	237.55	316.55
Work-in-Progress	32.48	47.18
	270.03	363.73
Inventories at the end of the year		
Finished Goods	278.85	237.55
Work-in Progress	46.13	32.48
	324.98	270.03
(Increase) / Decrease in Inventories	(54.95)	93.70
NOTE 27 : EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages -		
Salaries & Bonus to Staff	760.96	677.16
Wages & Bonus to Workers	1,311.86	1,183.69
Director Remuneration, Commission & benefits	113.38	120.59

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Notes to financial statements for the year ended March 31, 2020

Particulars	2019-20 ₹ in Lakhs	2018-19 ₹ in Lakhs
Contribution to Provident and Other Funds -		
Provident Fund	90.38	87.39
Superannuation Fund	0.84	0.84
Gratuity Cost	47.05	42.40
Staff Welfare Expenses -		
Payment to Employee State Insurance Scheme	5.92	8.92
Payment to other Employee Insurance Schemes	29.03	38.87
Canteen Expenses	74.44	70.18
Medical Benefits	17.40	8.61
Training & Professional Development	1.40	1.17
Transportation / Conveyance to Staff	24.92	24.05
Other Welfare Expenses	21.75	20.96
	2,499.33	2,284.83
NOTE 28 : FINANCE COSTS		
Interest Expense on -		
Term Loans	340.17	383.38
Working Capital Loans	23.33	32.06
Trade Deposits & Others	13.54	14.36
Other Borrowing Costs	34.42	15.57
	411.46	445.37
NOTE 29 : OTHER EXPENSES		
Manufacturing Expenses -		
Fuel Consumed	3,360.27	4,219.82
Adhesives, Inks, Consumables & Stores Consumed	540.55	442.83
Power & Water	139.12	151.30
Repairs & Maintenance :	-	-
- Plant & Machinery	1,048.40	730.76
- Building, Road	24.35	49.32
Exchange Fluctuation on raw material imports	3.92	47.87
	5,116.61	5,641.90
Administrative & Selling Expenses -		
Commission on sales	250.41	277.31
Packing & forwarding charges	199.73	211.78
Professional Charges	24.91	32.43
Rent payments	2.71	13.32
Rates and taxes	17.66	15.18
Postage & telephone	5.57	8.01
Printing and stationery	8.03	5.58
Directors commission - Non-whole time	22.60	24.40
Directors' sitting fees	4.90	4.70

Notes to financial statements for the year ended March 31, 2020

Particulars	2019-20 ₹ in Lakhs	2018-19 ₹ in Lakhs
Exchange fluctuation rate difference	0.28	2.81
Insurance	50.59	62.66
Vehicle repairs & maintenance	12.50	10.78
Travelling and conveyance	28.43	48.00
Auditors' Remuneration :	-	-
- for audit	4.00	4.00
- for other services	0.60	0.60
- for Out-of-Pocket Expenses	0.30	-
Security charges	107.69	93.45
Outward freight	355.96	379.78
Branch expenses	-	6.28
Export expenses	37.26	109.95
Discount and rebates	121.59	158.37
Bank charges	17.53	25.73
Internal audit fees & expenses	1.05	1.06
Corporate social responsibility expenses	16.67	0.57
Bad debts written off	6.96	-
Miscellaneous expenses	78.33	72.64
Total B	1,376.26	1,569.39
Total A + B	6,492.87	7,211.29

NOTE 30 : EARNINGS PER SHARE (EPS)

Nominal value of Equity Shares (in Rupees)	10.00	10.00
Profit for the year after tax	1,594.78	1,836.75
No. of Shares outstanding	1,50,00,000	1,50,00,000
Basic and diluted earning per Share (in Rupees)	10.63	12.25

There are no dilutive equity shares in the Company.

NOTE 31 : CONTINGENT LIABILITIES & COMMITMENTS

Particulars	₹ in Lakhs March 31, 2020	₹ in Lakhs March 31, 2019
A. CONTINGENT LIABILITIES		
1. a. Demands under the Central Excise Act :		
Excise duty and penalty on removal of Capital goods	Duty 8.15	8.15
(stay granted by CESTAT, Bangalore)	Penalty 0.50	0.50
b. Penalty levied by Commissioner of Central Excise on reversal of input services on exempt products	Penalty Nil	3.60

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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, 2020	₹ in Lakhs March 31, 2019
1. Estimated amount of contracts remaining to be executed on capital account and not provided for including Letter of credit opened for Capex ₹5,498.75 lakhs (PY : ₹1,803.98 lakhs)	11,811.43	6,398.71
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)	16.55	117.47

NOTE 32 : LEASES

The Company is obligated under non-cancellable operating short term leases mainly for temporary accommodation purpose. The total rental expenses under non-cancellable operating leases amount to ₹2.71 lakhs for the year ended March 31, 2020 (Year ended March 31, 2019 : ₹13.32 lakhs).

Particulars	₹ in Lakhs March 31, 2020	₹ in Lakhs March 31, 2019
Not later than 1 year	5.56	2.31
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-

Note 33 : RELATED PARTY DISCLOSURES

Names of related parties and related party relationship :

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

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

B. Non-Executive Directors:

1. Mr. Dineshchandra C. Patel
2. Mr M G Mohan Kumar
3. Mr S R Chandrasekara Setty
4. Mr Jagdish M Patel
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) upto 22-08-2019. (Resigned)

DETAILS OF RELATED PARTY TRANSACTIONS

Particulars	₹ in Lakhs March 31, 2020	₹ in Lakhs March 31, 2019
1) Remuneration to KMP & relative of KMP		
Mr. Manish M Patel	113.38	120.59
Mrs. Vandhana M Patel	7.32	7.55
Mr. B. Ravi Holla	13.39	13.32
Mrs. Vidya Bhat	6.01	4.46
2) Sitting fees and commission to Non Executive Directors		
a) Sitting fees	4.90	4.70
b) Commission on Net Profits	22.60	24.40
3) Closing Credit Balance in current account		
Mr. Manish M Patel - Current Account (Cr.)	12.13	7.06
Commission payable to Whole Time Director	9.80	16.14
Non Executive Directors - Commission payable	20.34	21.96

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 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019 : Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTE 34 : EMPLOYEE BENEFITS**A. Defined Contribution Plans**

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

B. Defined Benefit Plans

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

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

	₹ in Lakhs March 31, 2020	₹ in Lakhs March 31, 2019
1. Expense recognised in Statement of Profit & Loss		
a. Current service cost	53.31	51.95
b. Interest on Defined Benefit Obligation	63.78	63.55
c. Expected return on plan assets	(70.04)	(73.10)
	47.05	42.40
2. Net (Assets) / Liabilities recognised in Balance Sheet		
a. Present value of Defined Benefit obligations	1,023.07	939.26
b. Fair value of Plan assets	1,090.98	1,015.43
Difference representing Net (Assets) / Liabilities	(67.91)	(76.17)
Less : Amount not recognised as an asset by the actuary	39.85	39.85
Net (Assets) / Liabilities recognised in Balance Sheet	(28.06)	(36.32)
3. Change in Gratuity Obligation during the year		
a. Present value of Defined Benefit obligations at the beginning of the year	939.26	829.91
b. Current service cost	53.31	51.95
c. Interest on Defined Benefit Obligation	63.78	63.55
d. Actuarial (gain) / loss	(8.85)	20.04
e. Benefits paid	(24.43)	(26.19)
f. Present value of Defined Benefit obligations at the end of the year	1,023.07	939.26
4. Change in fair value of plan assets during the year		
a. Fair value of plan assets as on at the beginning of the year	1,015.43	926.63
b. Expected return on plan assets	70.04	73.10
c. Actual Company contribution	5.20	26.00
d. Actuarial gain / (loss)	0.31	(10.30)
e. Benefits paid from plan assets	-	-
f. Fair value of plan assets at the end of the year	1,090.98	1,015.43
Actuarial Assumptions :		
a. Discount rate	6.88%	7.78%
b. Expected rate of return on Plan assets	6.88%	7.78%
c. Salary escalation rate	11.75%	11.75%
d. Attrition rate	3.00%	1.00%

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Note 35 : Fair value hierarchy

The carrying value of financial instruments by caterogies is as follows :

	₹ in Lakhs	
Particulars	31 st March 2020	31 st March 2019
Financial assets measured at amortised cost :		
Trade receivables *	2,952.92	3,970.82
Other financial assets *	26.26	18.68
	2,979.18	3,989.50
Cash and cash equivalents and other bank balances :		
Cash and cash equivalents **	39.48	99.88
Other bank balances **	1,257.10	630.24
	1,296.58	730.12
Financial liabilities measured at amortised cost :		
Borrowings *	4,220.03	3,793.61
Other financial liabilities *	357.06	248.59
Trade payables *	1,341.69	2,176.41
	5,918.78	6,218.61

* The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature. Accordingly, these are classified as level 3 of fair value hierarchy.

** These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value.

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Note 36 : SEGMENTWISE REVENUE, RESULTS, CAPITAL EMPLOYED

	₹ in Lakhs March 31, 2020	₹ in Lakhs March 31, 2019
1. Segment Revenue		
i Paper & Paper Products	21,323.33	23,483.68
ii Power	2,775.45	3,209.53
	24,098.78	26,693.21
Less : Inter Segment Revenue	2,337.70	2,443.63
Net Revenue from Operations	21,761.08	24,249.58
2. Segment Results		
i Paper & Paper Products	1,967.88	2,074.01
ii Power	577.02	693.07
Add : Exceptional items (net)	-	-
	2,544.90	2,767.08
Less : Finance costs	411.46	445.37
Less : Unallocable expenses (net of income)	-	-
Total Profit before Tax	2,133.44	2,321.71
3. Segment Assets		
i Paper & Paper Products	20,406.48	18,706.73
ii Power	4,928.26	5,173.98
Total Segment Assets	25,334.74	23,880.71
4. Segment Liabilities		
i Paper & Paper Products	6,138.78	5,427.06
ii Power	2,262.13	2,849.84
Total Segment Liabilities	8,400.91	8,276.90

NOTE 37 : FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

A. Market Risk:

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

(i) Foreign Currency Exchange Rate Risk:

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

(ii) Interest Rate Risk:

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

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

	₹ in Lakhs	
	March 31, 2020	March 31, 2019
Variable Rate Borrowings		
Term Loans	3,161.08	3,778.81
Working capital loans	1,058.95	14.80
Total	4,220.03	3,793.61
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, 2020	March 31, 2019
Interest rate increase by 0.25%	- 10.55	- 9.48
Interest rate decrease by 0.25%	+ 10.55	+9.48

(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.

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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 unsecured trade receivables balance outstanding. The company has stop supply mechanism in place in case outstanding goes beyond agreed limits.

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

(ii) Financial instruments and cash deposits

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

C. Liquidity Risk:

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

NOTE 38 : 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, 2020	March 31, 2019
A. Borrowings (Term Loan)	3,161.08	3,778.81
B. Less : Cash & Bank Balances	1,296.59	730.12
C. Net Debt [A (-) B]	1,864.49	3,048.69
D. Equity	16,933.83	15,603.81
E. Total Capital [C (+) D]	18,798.32	18,652.50
F. Gearing Ratio [C (÷) E]	0.10	0.16

NOTE 39 : EXCHANGE DIFFERENCES

The Company has recognized an aggregate Gain on exchange differences of Rs. 2.25 lakhs

(P.Y. loss of Rs. 21.88 lakhs) in the Statement of Profit & Loss..

NOTE 40 : MSME DUES

The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2020 and 31st March, 2019. The information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 regarding Micro and Small enterprises is determined to the extent such parties have been identified on the basis of the information available with the company. The Company has not received any claim for interest from any supplier as at the Balance Sheet date. The details in respect of such dues are as follows :

Particulars	₹in lakhs 31.03.2020	₹in lakhs 31.03.2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting period	2.00	0.06
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 41 :

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, the Government of India declared lockdown on 23rd March 2020, and the Company temporarily suspended operations. After obtaining necessary permissions from appropriate authorities, the Company's Printing and Packaging Division resumed production from 03/04/2020 and Paper Division resumed production from 04/05/2020. Since resumption, the production has been ramped up with steady increase in operational levels. Considering the prevailing economic environment and the internal and external factors the company has assessed the carrying amount of property, plant and equipment, receivables, inventories, investments and other assets as at the balance sheet date, the current liquidity position including its cash flows, the business outlook and has concluded that no material adjustments are required in the financial statements. The pandemic Covid-19 has impacted supply chains, consumer demand, commodity prices and availability of personnel. The potential future impact of global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions and assess the impact on its business.

The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

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NOTE 42 : EVENTS AFTER REPORTING PERIOD

The Board of Directors recommended a final dividend of ₹1.50 per equity share for the financial year ended March 31, 2020. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company. The final dividend declared in the previous year was ₹1.50 per equity share.

NOTE 43 : PREVIOUS YEAR FIGURES

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

NOTE 44: DISCLOSURES IN ACCORDANCE WITH GUIDANCE NOTE ON ACCOUNTING FOR EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

₹ in lakhs		
Particulars	31-Mar-20	31-Mar-19
a) Gross amount required to be spent by the Company during the year	27.75	36.57
b) Amount spent during the year ended March 31, 2020:	Paid	Paid
(i) Improvement in Health Care & Education	9.50	0.57
(ii) Rural Development Projects	4.80	
(iii) Disaster Management including Relief, Rehabilitation & Reconstruction	2.27	
(iv) Donation to PM Relief Fund	0.10	
Total amount spent	16.67	0.57

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

The Projects mentioned above are Ongoing Projects and hence balance unspent amount will be spent in the following year.

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 : Nanjangud

Dated : 25th June, 2020

THE SOUTH INDIA PAPER MILLS LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

	Year ended 31 st March, 2020 ₹ in lakhs		Year ended 31 st March, 2019 ₹ in lakhs	
A) Cash Flow from Operating Activities				
Profit before tax		2,133.44		2,321.71
Adjustments for :				
Add: Depreciation & Amortisation expense	976.66		949.99	
Add: Finance costs	411.46		445.37	
Less: Interest Income	(75.70)		(50.41)	
Less : Profit on Sale of Plant & Equipments	(0.70)		(1.12)	
Add: Bad debts written off	6.96		-	
Add: Unrealised foreign exchange loss / (gain)	10.62	1,329.30	(19.85)	1,323.98
Operating Profit before Working Capital Changes		3,462.74		3,645.69
(Increase) / Decrease in Inventories	416.91		(132.25)	
(Increase) / Decrease in Trade Receivables	1,010.93		(144.21)	
(Increase) / Decrease in Other Financial Assets	(6.83)		(1.02)	
(Increase) / Decrease in Other Assets	142.94		441.20	
Increase / (Decrease) in Trade Payables	(845.34)		445.74	
Increase / (Decrease) in Other Financial Liabilities	93.32		2.50	
Increase / (Decrease) in Other Liabilities	217.99		112.95	
Increase / (Decrease) in Provisions	17.38	1,047.30	45.00	769.91
Cash generated from operating activities		4,510.04		4,415.60
Less: Income Tax paid		(357.03)		(521.78)
Net cash generated from / (used in) Operating Activities (A)		4,153.01		3,893.82
B) Cash Flow from Investing Activities				
Purchase of Property, plant & equipment (including Capital advances)		(3,399.85)		(1,276.20)
Proceeds from sale of Plant & Equipments		1.43		2.17
Interest received		74.94		47.83
Net cash generated from / (used in) investing activities (B)		(3,323.48)		(1,226.20)
C) Cash Flow from Financing Activities				
Proceeds (net) from current borrowings		1,044.15		(1,153.99)
Proceeds from non-current borrowings		-		200.00
Repayment of non-current borrowings		(602.59)		(546.93)
Finance costs paid		(433.50)		(444.00)
Equity Dividend paid		(225.00)		(149.38)
Dividend Distribution Tax paid		(46.25)		(30.84)
Net Cash (used in) / generated from Financing Activities (C)		(263.19)		(2,125.14)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		566.35		542.48
Cash and cash equivalents as at the beginning of the year		776.28		233.80
Cash and cash equivalents as at the end of the year		1,342.63		776.28

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 : Nanjangud
Date : 25th June 2020

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NOTICE OF THE 61st ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty First Annual General Meeting of The South India Paper Mills Ltd., will be held on Thursday, the 24th September 2020 at 11.30 am by Video Conferencing (VC) to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2020 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, 2020.
3. To appoint a Director in place of Mr. Ajay D Patel (DIN 00466905), who retires by rotation and is eligible for reappointment.

Special Business:

4. Approval for appointment of Mr Dineshchandra C Patel (DIN 00167581)

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 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) and in continuation of the resolution passed at the 59th Annual General Meeting held on 20th September 2018 (“AGM”), the appointment of Mr. Dineshchandra C Patel (DIN: 00167581) made in the said AGM be and is hereby approved and ratified in terms of the amended Regulation 17(1A) of the SEBI (LODR) Regulations 2015 effective from 1st April 2019.”

5. Payment of remuneration to Mr Manish M Patel (DIN 00128179) Managing Director

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) and the Rules framed thereunder, (including any statutory modifications or re-enactment thereof, for the time being in force) and the Articles of Association and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company and subject to such other approvals as may be necessary, consent of Members be and is hereby accorded for the payment of the remuneration as given below to Mr. Manish M Patel (DIN: 00128179), Managing Director, for the remaining period of the tenure of his appointment i.e., upto 19th May 2022:

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

- (2) In the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising of monthly salary, commission on net profits and the perquisites approved herein be continued to be paid as minimum remuneration subject to the limits prescribed under Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to vary and/or revise the remuneration including commission and perquisites, from time to time, within the limits prescribed in Schedule V to the Companies Act 2013; and

RESOLVED FURTHER THAT save and except as aforesaid, the Special Resolution approved and passed by the Members at their 59th Annual General Meeting dated September 20, 2018 with respect to the appointment of Mr. Manish M Patel, as Managing Director shall continue to remain in full force and effect.”

By Order of the Board of Directors

Nanjangud
25th June, 2020

MANISH M PATEL
MANAGING DIRECTOR

NOTES

1. The explanatory statement pursuant to Section 102 of the Companies Act 2013 in respect of business under Item No 4 & 5 as set out above are annexed hereto.
2. Considering the present Covid 19 pandemic, the Ministry of Corporate Affairs vide its circular numbers 20/2020 dated May 5, 2020 read with circular numbers 14/2020 dated April 8, 2020 and 17/2020 dated 13 April 2020 and SEBI vide its circular no. SEBI /HO/CFD/CMD1/CIR/P/2020/79 have allowed the Companies to hold AGM through Video Conference, without the physical presence of Members at a common venue. In accordance with the provisions of the MCA Circulars, provisions of Companies Act, 2013 and SEBI (LODR) Regulations 2015, the AGM of the Company is being held through Video Conference (VC) hereinafter called as e-AGM. The deemed venue for the AGM shall be the Registered office of the Company.
3. **e-AGM:** The Company has appointed M/s KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting the e-AGM.
4. Pursuant to the provisions of the Act, since the AGM is being held through Video Conferencing pursuant to MCA Circulars, physical attendance of the members has been dispensed with. Accordingly the facility for appointment of proxies by the members will not be available for the AGM and hence Proxy form and attendance slip are not annexed hereto. However Body Corporates who are members of the Company are entitled to appoint authorised representatives to attend the AGM through Video conference and participate thereat and cast their votes through e - voting. Since the AGM is being held through Video Conference, the route map of the meeting is not annexed thereto.
5. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
6. Up to 1000 members will be able to join on a FIFO basis to the e-AGM.
7. No restrictions on account of FIFO entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

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8. The participation of members through Video conference will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013.
9. The Register of Members of the Company will remain closed from 01st September, 2020 to 26th September, 2020 (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, 2020. 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.
10. Members are requested to communicate the change in address, if any, immediately to the Company's Registrars & Share Transfer Agents M/s KFin Technologies Pvt Limited, Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032.
11. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the RTA of the Company / Depositories. Members may please note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.sipaper.com, website of Stock exchange www.bseindia.com and on the website of the Company's Registrar and Share Transfer Agent, Kfin Technologies Pvt Ltd (KFin Tech) at <https://evoting.kfintech.com>.
12. The relevant details in respect of item No. 3 to 5, pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are annexed hereto:

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

Name of the Director & Age	Qualifications	Date of Appointment & No. of equity shares held in the Co.	Experience in specific functional areas	No. of Board Meetings attended during FY 2019- 20	Directorships in other companies	Chairman / membership in committees on the Board of other companies
Mr Ajay D Patel 51	B.E., M.B.A	31.08.1996 Holds 3,32,752 equity shares	About 15 years experience in Paper Industry, providing market information and helping promotion of sales in western region.	4	(1) Laxmi Board and Paper Mills Pvt. Ltd. (2) Indo Afrique Paper Mills Pvt Ltd (3) Kalyan Bhiwandi Industrial CETP (4) Chembur Golf Welfare Foundation	----

Mr. Dineshchandra C Patel 81	Bar- at-law	30.08.1975 Holds 5,20,043 equity shares	Vast experience in Paper industry, general management and in handling legal matters.	3	-----	-----
Mr Manish M Patel 61	B.E.Hons. (ChE), M.B.A	09.10.1990 Holds 2,18,252 equity shares	Vast experience in Paper industry, overall management and administration	4	(1) Laxmi Board and Paper Mills Pvt Ltd (2) Indo Afrique Paper Mills Pvt. Ltd. (3) Indian Corrugated Case Manufacturer's Association	-----

Relationship with other Directors

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

Mr Manish M Patel is not related to any Director

13. 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.
14. 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.
15. Members who have not encashed their Dividend Warrants pertaining to the year 2012-2013 & 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 for 7 years. Members may please take note of the same.

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16. The Board of Directors at their meeting held on 25th June 2020 has recommended payment of Dividend @ 15% i.e Rs.1.50 per equity share of face value Rs.10 for the financial year 2019-20. Subject to the approval of the members at the AGM, Dividend will be paid within 23rd October 2020.
17. Payment of Dividend shall be made through electronic mode to those members who have updated their bank account details with their DP or with the Company / RTA. The payment of such Dividend is subject to deduction of tax at source.
18. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders with effect from April 1, 2020 and the Company is required to deduct TDS from dividend paid to the Members at prescribed rates under the Income Tax Act, 1961 ('IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and/ or update their Residential Status, Permanent Account Number ('PAN'), category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company by sending documents through e-mail by 15th Sept, 2020.
 - i) A Resident individual shareholder with Permanent Account Number ('PAN') and who is not liable to pay income tax can submit a yearly declaration in Form No 15G/15H, to avail the benefit of non-deduction of tax at source by email to einward.ris@kfintech.com and corporate@sipaper.com by 15th Sept 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
 - ii) Non-Resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by forwarding the above documents by email to einward.ris@kfintech.com and corporate@sipaper.com. The aforesaid declarations and documents need to be submitted by the shareholders by 15th Sept 2020.

No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed Rs.5,000/-

19. For members who have not updated their bank account details Dividend warrants/ demand drafts will be sent to their registered addresses after normalisation of postal service.
20. In order to avoid delay in receiving the Dividend, members holding shares in physical form are requested to register / update their complete bank account details for receiving Dividend directly to their bank accounts.

The members are required to send scanned copy of the following documents to our RTA @ einward.ris@kfintech.com for updation of their bank account details.

Signed Request letter mentioning your name, folio number, complete address, Name & branch of the Bank, bank account type, bank account number and type allotted by the banks after implementation of core banking solutions, 9 digit MICR code number, 11 digit IFS Code, cancelled cheque leaf bearing name of the first member, self attested copy of PAN Card and self attested copy of any document such as Adhar card, driving license or Passport or election ID.

Members holding shares in demat form are requested to update their bank mandate with their respective DP's.

21. 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.
22. 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 our RTA M/s KFin Technologies Pvt Ltd, Hyderabad for updation of PAN and Bank account details.
23. 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.

By Order of the Board of Directors

Nanjangud
25th June, 2020

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. 4 & 5 of the accompanying notice.

Item No. 4

Approval for appointment of Mr. Dineshchandra C Patel (DIN 00167581)

Mr. Dineshchandra C Patel (DIN 00167581) was reappointed as a Director (liable to retire by rotation) at the 59th Annual General Meeting held on 20th September 2018 unanimously by way of Ordinary Resolution. As per the amended Regulation 17(1A) of the SEBI (LODR) Regulations 2015 which was effective from 1st April 2019, no listed entity shall appoint a person or continue the directorship of any person as a non executive director who has attained the age of 75 years unless a special resolution is passed to that effect and explanatory statement for such motion shall indicate the justification for appointing such a person. The board re commends item no.4 for consideration and approval of members by way of special resolution in terms of the amended Regulation 17(1A) of the SEBI (LODR) Regulations 2015.

Mr. Dineshchandra C Patel is presently 81 years of age. His vast experience and continued association with the Company would be of immense value and benefit to the Company and it is desirable to continue to avail his services despite his age crossing 75.

Mr. Dineshchandra C Patel is the father of Mr Ajay D Patel. Except Mr. Dineshchandra C Patel being appointee to his respective re appointment and Mr Ajay D Patel, Director, 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.

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Item No. 5 Payment of remuneration to Mr. Manish M Patel, Managing Director:

In the 59th Annual General Meeting held on September 20, 2018 Mr. Manish M Patel was re-appointed as the Managing Director for a period of five years from 20th May 2019 on a salary of ₹7,50,000 per month with Annual increments to be determined by the Board of Directors from time to time and perquisites as given below and a commission of 2% on Net Profits of the Company.

The Members, while approving the above appointment/ remuneration, had also approved that, if the Company has no profits or inadequate profits, the aforementioned remuneration comprising monthly salary, commission on net profits and the perquisites for the Financial year ending 31.03.2018, 31.03.2019 and 31.03.2020 be continued to be paid as minimum remuneration subject to the limits prescribed under Schedule V of the Companies Act, 2013.

Profitability may be affected for the FY 2020-21 due to the impact of ongoing pandemic COVID-19 on the economy. Also, paper Industry is cyclical and dependence on imports, weakening rupee may affect the profitability of the Company. It is therefore, possible that there could be a situation of inadequacy of profit (computed in the manner prescribed under Section 198) read with 197 of the Act in FY 2020-21 and the managerial remuneration paid/payable during FY-2020-21 may exceed the limits prescribed under Sections 196 to 198 of the Act.

The Company is required to obtain the approval of members by way of special resolution for payment of remuneration to the Managing Director in case of no profits or inadequate profits in any financial year during the remaining period of his tenure of appointment i.e., up to 19th May 2022 in terms of Section 197(1) read with Schedule V of the Companies Act, 2013. Further, pursuant to a recent amendment in the SEBI (LODR) Regulations effective from April 1, 2019, the fees or compensation payable to Executive Directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in a general meeting, if the annual remuneration payable to such Executive Director exceeds ₹5 Crore or 2.5% of the net profits of the Company, whichever is higher; or where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5% of the net profits of the Company. The proposed special resolution being approved in respect of resolution set out at Item No. 5 of this Notice would also be in compliance with the requirements of SEBI (LODR) Regulations.

In view of the above, approval of the Members is sought for remuneration paid/payable to the Managerial Personnel as set out at Item nos. 5 of the Notice.

It is clarified that no increase in remuneration of the Managerial Personnel is envisaged in terms of the resolutions set out at Item no 5 of this Notice, and the same is in line with the remuneration already approved by the Members.

The written Memorandum under Section 190 of the Act setting out the terms of payment of remuneration of Mr. Manish M Patel as Managing Director is available for inspection at the Registered Office of the Company, by the Members without any fee on all business days (except Saturday, Sunday and Public Holidays) during 10.00 AM to 4.00 PM upto the date of book closure.

The Company, as on date, is not in default in payment of dues to any bank / public financial institution or to any other secured creditor, and accordingly their prior approval is not required, for approval of the proposed special resolutions.

The remuneration package is approved by the Nomination and Remuneration Committee and the Board of Directors.

The Board of Directors recommend the Special Resolution(s) set out at Item no. 5 of the Notice for approval of the Members.

The details are set out below:

Perquisites:

- i) Unfurnished rent free accommodation provided the expenditure in this behalf shall not exceed fifty percent of the salary or House rent allowance in lieu thereof.
- ii) Reimbursement of expenditure on gas, electricity, water and furnishings valued as per Income Tax Rules, 1962, subject to a ceiling of ten percent of the salary.
- iii) Reimbursement of medical expenses incurred for self and family including any medical expenses incurred outside India and traveling, incidental expenses in relation to medical treatment outside India. Provided that the expenses to be incurred outside India, shall be limited to the extent permitted by the Reserve Bank of India.
- iv) Leave Travel concession for self and family once in a year, subject to a ceiling of one month's salary.
- v) Reimbursement of club fees subject to maximum of membership in two clubs excluding admission and life membership fees.
- vi) Personal accident insurance subject to a ceiling on premium of ₹10,000 per annum.
- vii) Contribution to Provident Fund and Superannuation Fund, as per rules of the Company.
- viii) Gratuity at the rate of half month's salary for each completed year of service. The service prior to the period of this agreement in the Company, shall also be counted for the above purpose.
- ix) Provision of car for use on Company's business, with chauffeur.
- x) Provision of telephone at residence and the personal long distance calls shall be billed by the Company, on the appointee.
- xi) Subject to any statutory ceiling, the appointee may be given any other allowance, performance bonus, incentive, perquisites, benefits and facilities as the Board of Directors of the Company may from time to time decide.

ANNEXURE

Disclosure(s) in terms of Sections 197 read with Schedule V to the Companies Act, 2013, applicable Rules thereunder and SEBI LODR, as the case may be

I. General Information relating to the Industry and the Company

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

(₹ In lakhs)

	FY 2019-20	FY 2018-19	FY 2017-18
Net Sales	21,659.95	24,188.66	13,448.91
Profit before tax	2,133.44	2,321.71	80.60
Profit after tax	1,594.78	1,836.75	95.28
Export performance	402.80	1,220.16	98.69

- iv) Foreign investments on collaborations : - NIL

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II. Information about the appointee

- i) **Background detail:-** The appointee is aged about 61 years and is an Engineer and MBA. He is associated with the Company since 1985 and is responsible for the progress of the Company upto the present stage.
- ii) **Past remuneration:-** For the year ended 31.03.2020, Salary and Allowance ₹90,00,000, perquisite ₹12,36,246 commission on net profits – ₹9,80,000, contribution to provident fund ₹21,600, Contribution to Super Annuation Fund ₹1,00,000, totalling ₹1,13,37,846.
- iii) **Job Profile:-** Management of the business and affairs of the Company under the supervision and control of the Board of the Director of the Company.
- iv) **Remuneration proposed:-** As per resolution annexed.
- v) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person- Not Available.

III. Other Information

i) Reason of loss or inadequate profit :

In FY 2020-21, profitability may be affected due to ongoing pandemic COVID 19. Also, paper Industry is cyclical and dependence on imports, weakening rupee may affect the profitability of the Company.

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

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

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

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

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

IV. Disclosures

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

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

Except Mr. Manish Patel, none of the Directors or Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 5 of the Notice.

Instructions for the Members for attending the e-AGM through Video Conference:

1. **Attending e-AGM through Video conference:** Members will be provided with a facility to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> and **click on “video conference”** and access the shareholders/members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected.
2. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
3. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
4. Further Members will be required to allow Camera, if any, and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. **AGM Questions prior to e-AGM:** Shareholders who would like to express their views/ask questions during the meeting may log into <https://emeetings.kfintech.com> and click on “Post your Questions”. The shareholders may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number. Please note that, members questions will be answered only if the shareholder continues to hold the shares as on the cut-off date benpos. The facility of ‘post the questions’ shall be available from 14th September 2020 from 9.00 AM to 19th September 2020 at 5.00 PM.
7. Due to limitations of transmission and coordination during the Q&A session, the company may dispense with the speaker registration during the e-AGM conference.
8. **Speaker Registration during e-AGM session:** Shareholders who would like to register as speaker may log into <https://emeetings.kfintech.com/> and **click on “Speaker Registration”** by mentioning the demat account number/folio number, city, email id, mobile number and submit. The speaker registration shall commence on 14th Sept 2020 from 9.00 AM and closes on 19th Sept 2020 at 5.00 PM.

Instructions for members for e-Voting during the e-AGM session:

1. The e-Voting “Thumb sign” on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the “instapoll” page.
2. Members to click on the “Instapoll” icon to reach the resolution page and follow the instructions to vote on the resolutions.
3. Only those shareholders, who are present in the e-AGM and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-AGM.
4. The Chairman shall fix the time for voting at the meeting.

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Remote Voting through electronic means

In terms of the provisions of Section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and Regulation 44 of the Listing Regulations, the Company is providing facility of remote e-voting facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on **17th Sept 2020** (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by KFin or to vote at the e-AGM. Person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The details of the process and manner for remote e-voting are given below:

- i. Initial password is provided in the body of the email.
- ii. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- iii. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.
- iv. After entering the details appropriately, click on LOGIN.
- v. You will reach the 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.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the EVENT i.e. The South India Paper Mills Limited
- viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the

Scrutinizer through email at hitaishkumar@gmail.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'SIPM_EVENT No.'

- xii. Members can cast their vote online from 21st Sept 2020 (9.00 a.m.) till 23rd Sept 2020 (5.00 p.m.). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked.
- xiii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 345 4001 (toll free).

In case a Member whose email address is not registered / updated with Company/ Kfin Technologies Pvt Ltd/ Depository participants.

Procedure for registering the E-mail addresses and obtaining the AGM Notice, Annual Report and e-voting user ID and password by the Members whose E-mail addresses are not registered with the Depositories (in case of Members holding shares in Demat form) or with KFinTech (in case of Members holding shares in physical form).

I. Those Members who have not yet registered their E-mail addresses are requested to get their E-mail addresses registered by following the procedure given below:

- a) Members holding shares in demat form can get their E-mail ID registered by contacting their respective Depository Participant.
- b) Members holding shares in physical form may register their E-mail address and mobile number with Company's Registrar and Transfer Agents, KFin Technologies Private Limited by sending an E-mail request at their E-mail ID einward.ris@kfintech.com alongwith signed scanned copy of the request letter providing the E-mail address, mobile number, self-attested copy of the PAN card and copy of the Share Certificate.

II. To facilitate Members to receive this Notice electronically and cast their vote electronically,

The Company has made special arrangements with KFinTech for Temporary registration of E-mail addresses of the Members in terms of the MCA Circulars.

Eligible Members who have not submitted their E-mail address to the Depository Participant or

KFinTech are required to provide their E-mail address to KFinTech, on or before 5:00 p.m. (IST) on September 17th 2020.

- a) Visit the link: ris.kfintech.com/email_registration/ b) Select the Company name viz. The South India Paper Mills Limited c) Enter the DP ID & Client ID / Physical Folio Number d) Enter the PAN details e) Enter your E-mail address and Mobile Number f) The system will then confirm the E-mail address for receiving this AGM Notice.

III. After successful registration of E-mail address, KFinTech will send by E-mail, the AGM Notice, Annual Report and e-voting user ID and password to the Members.

Please follow all steps from Sl. No. (i) to Sl. No. (xii) as given above, to cast vote.

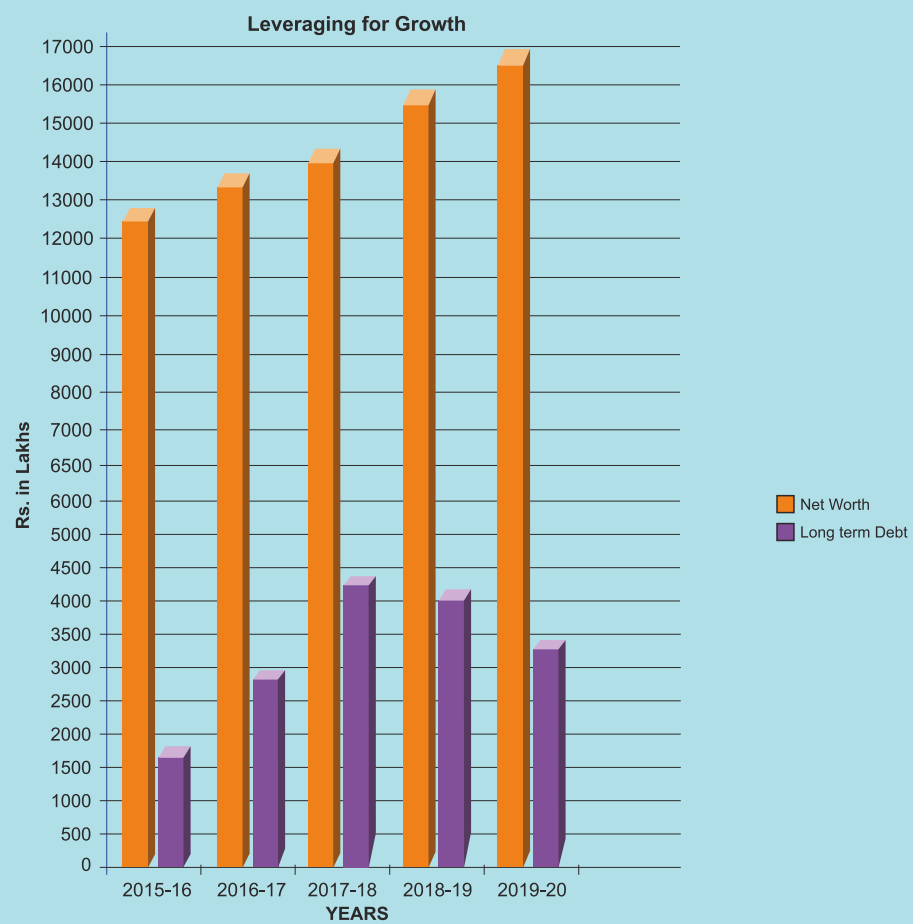
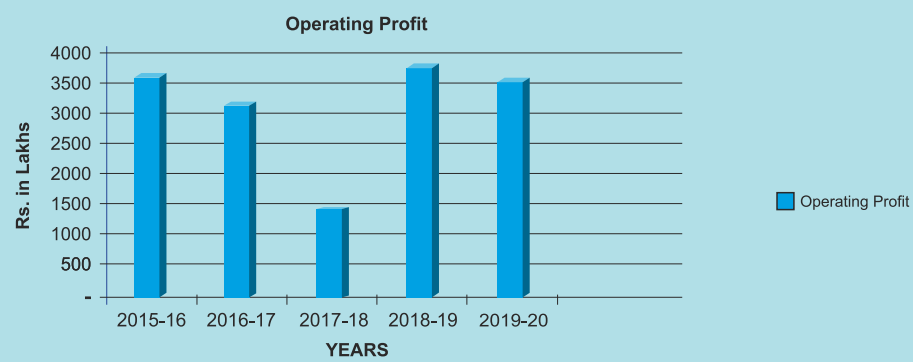
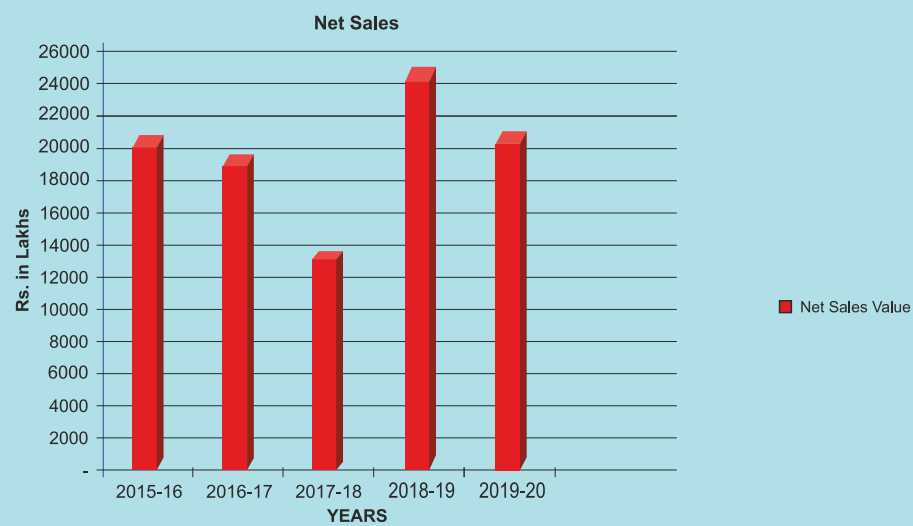
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GENERAL INSTRUCTIONS

1. Members who have cast their vote by e-Voting are entitled to attend the AGM through Video conference but they cannot cast their vote at the AGM. Once the member has cast his vote on a resolution, he will not be allowed to change it subsequently or cast the vote again

A member can opt for only single mode of vote either through remote e voting or voting at the meeting.
2. In case a shareholder by inadvertence or otherwise has voted under more than one option, his voting through remote e-voting shall prevail and votes cast at the meeting shall be treated as invalid
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 21-09-2020 (9.00 AM) and ends on 23-09-2020 (5.00PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 17-09-2020, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
5. 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 17-09-2020.
6. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17-09-2020, may obtain the login ID and password by sending a request at evoting@kfintech.com
7. 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 and voting at the AGM in a fair and transparent manner.
8. The Scrutinizer shall immediately after the conclusion of E voting at the general meeting, count the votes cast at the meeting and then unblock the votes cast through remote evoting 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 (integrating the votes cast at the meeting and through remote evoting) 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. The result of evoting shall be declared within 48 hours of the conclusion of the meeting.
9. 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.
10. 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.kfintech.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.

KEY FINANCIAL PARAMETERS AT A GLANCE LAST 5 YEARS





If undelivered please return to

THE SOUTH INDIA PAPER MILLS LIMITED

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