Seshasayee Paper and Boards Limited

Fifty Seventh Annual Report

2016-17

SESHASAYEE PAPER AND BOARDS LIMITED

DIRECTORS

Sri N GOPALARATNAM, *Chairman*

Sri R V GUPTA, I A S (Retd.)

Mr MD NASIMUDDIN, I A S, *Nominee of Government of Tamilnadu*

Dr NANDITHA KRISHNA

Dr S NARAYAN, I A S (Retd.)

Sri SATYABRATA SAHOO, I A S, *Nominee of TIIC*

Sri A L SOMAYAJI

Sri V SRIDAR

Sri K S KASI VISWANATHAN

Sri V PICHAI

AUDITORS

M/s SURI & CO., Chennai

M/s S VISWANATHAN LLP, Chennai

M/s MAHARAJ N R SURESH AND CO., Chennai

COST AUDITOR

M/s S MAHADEVAN AND CO., Chennai

SECRETARIAL AUDITOR

M/s B K SUNDARAM & ASSOCIATES, Trichi

BANKS

SYNDICATE BANK

CANARA BANK

CENTRAL BANK OF INDIA

REGD. OFFICE

PALLIPALAYAM, CAUVERY RS PO,

ERODE - 638 007, NAMAKKAL DISTRICT,

TAMIL NADU

CIN : L21012TZ1960PLC000364

SESHASAYEE PAPER AND BOARDS LIMITED

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NOTICE

Notice is hereby given that the 57th Annual General Meeting of the Company will be held at "Community Centre", SPB Colony, Erode 638 010, on Saturday, the 29th July 2017, at 11.00 AM to transact the following business :

ORDINARY BUSINESS

1 Adoption of Accounts, etc.

To consider and adopt the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2 Declaration of Dividend

To declare a dividend on Equity Shares.

3 Ratification of existing Auditors' appointment and appointment of new Auditor

To consider and, if thought fit, to pass with or without modifications, the following Resolution(s) as an ORDINARY RESOLUTION :

(i) "RESOLVED THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the Company do hereby ratify the appointment of M/s Maharaj N R Suresh & Co., (Firm Registration No. 001931S), Chartered Accountants, Chennai, as Auditors made by Shareholders at the 54th Annual General Meeting to hold office till the conclusion of the 58th Annual General Meeting.

(ii) RESOLVED FURTHER THAT with retirement of M/s Suri & Co., (Firm Registration No. 004283S) and M/s S Viswanathan LLP (Registration No. 004770S / S200025), Chartered Accountants, Chennai at the expiry of the term of their appointment, the Company do hereby appoint M/s R Subramanian and Company LLP (Registration No. 004137S), Chartered Accountants, Chennai, as Joint Auditor, pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for a period of five years from the conclusion of this Annual General Meeting till the conclusion of the Sixty Second (62nd) Annual General Meeting.

(iii) The Board of Directors be and are hereby authorised to fix their remuneration on the recommendation of the Audit Committee each year."

SPECIAL BUSINESS

4 Appointment of Director

To consider and, if thought fit, to pass with or without modifications, the following as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr Md Nasimuddin, IAS, (DIN : 02026939) be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5 Re-appointment of Sri N Gopalaratnam as Chairman

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri N Gopalaratnam (DIN : 00001945) as Chairman with executive powers of the Company, for a period of 3 (three) years with effect

from April 01, 2017, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri N Gopalaratnam, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

6 Re-appointment of Sri K S Kasi Viswanathan as Managing Director

To consider and, if thought fit, to pass with or without modifications, the following as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri K S Kasi Viswanathan (DIN : 00003584) as Managing Director of the Company, for a period of 3 (three) years with effect from April 01, 2017, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri K S Kasi Viswanathan, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution".

7 Re-appointment of Sri V Pichai as Deputy Managing Director & Secretary

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri V Pichai (DIN : 00263934) as Deputy Managing Director & Secretary of the Company, for a period of 3 (three) years with effect from April 01, 2017, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors hereinafter referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board to alter

and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri V Pichai, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution".

8 Payment of Commission to Non Whole-time Directors

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

"RESOLVED THAT the consent of the Company be and is hereby accorded for payment of commission to Non Whole-time Directors out of the net profits of the Company, over and above the Sitting Fees, for a period of three financial years from April 01, 2016.

PROVIDED FURTHER THAT the aggregate commission for all the Non Whole-time Directors shall be within the ceiling prescribed from time to time under Section 197 and other applicable provisions, if any, of the Companies Act, 2013 or any modification or re-enactment thereof.

RESOLVED FURTHER THAT the commission be divisible among the Directors in such manner and proportion as the Board of Directors may deem fit, subject to a ceiling of ₹ 5 lakhs to each Non Whole-time Director.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary and expedient to give effect to the Resolution.

9 Remuneration to Cost Auditor

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year 2017-18, be paid the remuneration as set out in the Statement annexed to the Notice convening this meeting.

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

(By Order of the Board)
For Seshasayee Paper and Boards Limited

(V PICHAI)
Deputy Managing Director & Secretary

Chennai
May 30, 2017

Notes :

1 Proxy

A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote on a poll instead of himself and such Proxy need not be a Member of the Company.

A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person.

2 Deposit of Proxy Forms

The instrument appointing the Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the meeting.

3 Particulars of Directors

Particulars of Directors seeking appointment / re-appointment, pursuant to Clause 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Appendix - A.

4 Book Closure

The Register of Members and the Share Transfer Books will be closed from Thursday, the July 20, 2017 to Saturday, the July 29, 2017 (both days inclusive).

5 Dividend

Dividend on declaration will be paid on 31st July 2017.

Members are advised to refer to 'Shareholder Information' Section of the Corporate Governance Report (Page 50 of the Annual Report) for details on dividend entitlement and payment options.

6 Unclaimed Dividend

Unclaimed dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Members may refer to Page 53 of the Annual Report and lodge their claim, if any, immediately.

7 E-Communication

Members are requested to opt for electronic mode of communication and support the Green initiatives of the Government.

8 Member Identification

Members are requested to bring the attendance slips duly filled in and copy of the Annual Report to the meeting.

9 Voting facilities

(a) Remote e-Voting

Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management & Administration) Rules, 2014, the Company provides facility for its Members to exercise their voting right by electronic means.

(b) Voting at Annual General Meeting

The Company also offers the facility for voting through Polling Paper at the meeting.

(c) Voting option

Please note that a Shareholder can vote under only any one of the two options mentioned above.

(d) Voting instructions

Process and manner of voting containing detailed instructions is given in Appendix - B.

STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

Item No. 4

Appointment of Mr Md Nasimuddin, IAS, as a Director of the Company

Consequent to nomination by the Government of Tamilnadu, Mr Md Nasimuddin, IAS, was appointed as an Additional Director by the Board of Directors, at the meeting held on March 25, 2017, in the vacancy caused by the relinquishment of office by Sri Atulya Misra, IAS, who was earlier appointed in the casual vacancy caused by the withdrawal of nomination of Sri Hans Raj Verma, IAS.

He retires at this meeting, under Section 161 of the Companies Act, 2013, read with Article 96 of the Articles of Association of the Company. Notice, along with requisite deposit, as required under Section 160 of the Companies Act, 2013, has been received by the Company from a Member proposing the appointment of Mr Md Nasimuddin, IAS, as a Director of the Company.

Mr Md Nasimuddin, IAS, has filed with the Company his consent under Section 152 of the Companies Act, 2013, to act as a Director, if appointed.

This may be treated as notice under Section 160 of the Companies Act, 2013.

Mr Md Nasimuddin, IAS, is concerned and interested in his appointment and none of the other Directors is concerned or interested in the said appointment.

Item No. 5

Re-appointment of Sri N Gopalaratnam as Chairman

The current term of Sri N Gopalaratnam, as Chairman with executive powers expired on 31st March 2017. The Board of Directors at their meeting held on 25th March 2017, reappointed Sri N Gopalaratnam as Chairman of the Company with executive powers for a further period of three years from 1st April 2017 and approved the remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of Members in General Meeting:

I Remuneration

(a) Salary

₹ 6 65 000 (Rupees six lakhs sixty five thousand only) per month.

(b) Incentive

As may be determined by the Nomination-cum-Remuneration Committee / Board from time to time.

II Perquisites

Perquisites shall be as per the Rules of the Company and in any case will be restricted to an amount equal to annual salary.

Perquisites shall be valued in terms of the Income tax Rules and accordingly certain perquisites, essentially covering retirement benefits, viz., contribution to Provident Fund, Superannuation Fund, Annuity Fund, Gratuity not exceeding half a month salary for each completed year of service, leave encashment at the end of the tenure, etc., shall, however, be excluded in reckoning the said ceiling.

III General

In the event of loss or inadequacy of profits in any financial year, Sri N Gopalaratnam shall be entitled to such remuneration as may be determined by the Nomination-cum-Remuneration Committee / Board which shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 2013 and the Rules made thereunder.

In any event, the Salary, Incentive and Perquisites will be within the overall ceiling specified in the Companies Act, 2013 and as applicable from time to time.

Sri N Gopalaratnam was last appointed as Chairman for a period of three years from 01 04 2014. The said appointment and remuneration package as determined by the Nomination cum Remuneration Committee of the Board and the Board of Directors were later approved by the Members of the Company at the Fifty Fourth Annual General Meeting held on July 25, 2014. He has completed his term as Chairman on March 31, 2017.

Sri N Gopalaratnam assumed office as Managing Director in April 1988 when the Company's operations and financial position were not healthy. His able leadership, commitment, vision and devotion brought back the Company to its good health.

Under his stewardship, the Company witnessed tremendous growth and has become one of the prime players in the Pulp and Paper Industry in India.

His achievements include :

- Successful completion of a major Expansion/ Modernization programme in June 2000, costing nearly ₹ 190 crores, to increase the production capacity of the Unit : Erode from 60 000 tonnes per annum to 1 15 000 tonnes per annum, besides modernization of some of the existing facilities.
- Establishment of a 20 MW Captive Power Plant at a cost of ₹ 65 crores, to achieve economies in energy front and make the Company achieve substantial savings in energy costs, besides making it self-sufficient in Power. This Project was a 'Vision Project' of Sri N Gopalaratnam, especially when Tamilnadu State was facing unprecedented power shortage from the State Grid.
- Successful implementation of a major Mill Development Plan, during 2006-07, at a cost of ₹ 350 crores, to improve and sustain the environmental compliance performance of the Company in line with the Charter on Corporate Responsibility for Environmental Protection (CREP).

  The Project envisaged total replacement of the existing Wood Pulping Equipment of the Mill which was more than 30 years old with a 350 tonnes per day used Pulp Mill from USA, equipped with advanced technological feature, like RDH Pulping, a new modern Chemical Recovery Boiler (in the place of existing two Chemical Recovery Boilers), a Black Liquor Evaporation Plant, a Lime Re-burning Kiln and a Turbo Alternator Set.
- All the Term Loans borrowed for all the earlier Projects have been fully repaid and the Unit : Erode has become debt free except for the working capital facilities.

The latest feather in his cap is the acquisition of Subburaj Paper Mills in Tirunelveli capable of producing 90 000 tonnes of fine printing and writing papers in the year 2011. In a quick span of two years the Unit recorded more than 90% capacity utilization of its operating capacity of 60 000 tonnes per annum and achieved cash break-even. The acquisition was through a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 and by takeover of the entire assets and liabilities. The acquisition was through settlement of existing Term Loans from a Consortium of Banks under One Time Settlement Scheme (OTS) through a fresh Term Loan of ₹ 180 crores from Canara Bank. The entire shareholding of the Promoters were purchased by the Company and other Companies in Esvin-SPB Group for a consideration of ₹ 30 cores.

Sri N Gopalaratnam pioneered in securing ISO 9001, ISO 14001, OHSAS 18001, Forest Stewardship Council Certification / accreditations to the Company. With sustained exports, the Company enjoys "Star Export House" status. Further, with his vision, the Company has launched "Total Productivity Management" Programme (TPM), a unique concept for achieving enterprise excellence. Currently, the Company has launched a programme in association with CII to convert the Company a Green Company.

His flare for numbers, his untiring efforts to achieve cost reduction in all spheres, his ability in maintaining cordial relations with work force, etc., are well known. Above all, urge for innovation, foresee changes and quick adaptability to such changes, explore and experiment new things, either technical or otherwise are his virtues.

Currently, the Company is implementing a Mill Development Plan at Unit : Erode at a cost of ₹ 125 crores and a Mill Expansion Project at Unit : Tirunelveli at a cost of ₹ 75 crores.

At this critical juncture, the continued leadership and services of Sri N Gopalaratnam are considered essential for sustained growth of the Company.

As Sri N Gopalaratnam will be crossing the age of 70 during the ensuing period of appointment, approval of the Members is sought through a Special Resolution at this Annual General Meeting.

Sri N Gopalaratnam's appointment as Director on the Board of the Company was on the basis of his being liable to retire by rotation. He will continue to be the Director of the Company till his turn comes for retirement by rotation. He is eligible to seek re- election at the Annual General Meeting in which he retires by rotation.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration, including commission and the perquisites from time to time within the limits prescribed in Schedule V to the Companies Act, 2013 or any amendment or statutory modifications thereto.

In terms of Part III of Schedule V to the Companies Act, 2013, the appointment and remuneration as above shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval under item No. 5 in the Notice.

A copy of the Resolution of the Nomination cum Remuneration Committee / Board of Directors in this regard is available for inspection by the Members at the Registered Office of the Company during business hours on any working day prior to the date of the meeting.

No other Director, Key Managerial Personnel or their relatives, other than Sri N Gopalaratnam are interested in this item of business.

Item No. 6

Re-appointment of Sri K S Kasi Viswanathan as Managing Director

The current term of Sri K S Kasi Viswanthan, as Managing Director expired on 31st March 2017. The Board of Directors at their meeting held on 25th March 2017, reappointed Sri K S Kasi Viswanathan, as Managing Director of the Company for a further period of three years from 1st April 2017 and approved the remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of Members in General Meeting :

I Remuneration

a) Salary

₹ 5 65 000 (Rupees five lakhs sixty five thousands only) per month.

(b) Incentive

As may be determined by the Nomination-cum-Remuneration Committee / Board from time to time.

II Perquisites

Perquisites shall be as per the Rules of the Company and in any case will be restricted to an amount equal to annual salary.

Perquisites shall be valued in terms of the Income tax Rules and accordingly certain perquisites, essentially covering retirement benefits, viz., contribution to Provident Fund, Superannuation Fund, Annuity Fund, Gratuity not exceeding half a month salary for each completed year of service, leave encashment at the end of the tenure, etc., shall, however, be excluded in reckoning the said ceiling.

III General

In the event of loss or inadequacy of profits in any financial year, Sri K S Kasi Viswanthan shall be entitled to such remuneration as may be determined by the Nomination-cum-Remuneration Committee / Board which shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 2013 and the Rules made thereunder.

In any event, the Salary, Incentive and Perquisites will be within the overall ceiling specified in the Companies Act, 2013 and as applicable from time to time

Sri K S Kasi Viswanathan was last appointed as Managing Director for a period of three years from 01 04 2014. The said appointment and remuneration package as determined by the Nomination cum Remuneration Committee of the Board and the Board of Directors were later approved by the Members of the Company at the Fifty Fourth Annual General Meeting held on July 25, 2014. He has completed his term as Managing Director on March 31, 2017.

Sri K S Kasi Viswanathan is a Chemical Engineer (B Tech. from the Regional Engineering College, Tiruchi) and MMS from University of Madras. Sri K S Kasi Viswanathan has, to his credit, nearly 40 years of industrial experience, majority of which has been spent in ESVIN-SPB Group companies. He has gained considerable exposure in management of integrated paper mills, besides Project Implementation. He is largely responsible for the efficient operations of the Mill, as well as for the successful implementation of the various Expansion / Modernisation and Mill Development Projects undertaken from the year 2000 onwards.

He is aged 66. He is in charge of Mill operations, Marketing, Project implementation and Human Resources Development. He reports to the Chairman.

In the year 2011, the Company acquired M/s Subburaj Paper Mills in Tirunelveli capable of producing 90 000 tonnes of fine printing and writing papers. In a quick span of two years the Unit has recorded more than 90% capacity utilisation of its operating capacity of 60 000 tonnes per annum and achieved cash break-even. With proposed capital additions, the operating capacity has to be taken up quickly to the full installed capacity of 90 000 tonnes per annum.

Sri K S Kasi Viswanathan played a leadership role in converting the above sick and closed mill into an operational mill at a quick span of two years and also making it achieve a capacity utilisation of more than 90% of its installed operational capacity.

He could achieve this by identification of the inadequacies in the existing facilities. His role in bringing together all productive forces at the mill site, establish good relations with the community nearby, ensure proper approvals are in place for un-interrupted operations of the mill are commendable.

Currently, the Company is implementing a Mill Development Plan at Unit : Erode at a cost of ₹125 crores and a Mill Expansion Plan at Unit : Tirunelveli at a cost of ₹ 75 crores. At this juncture it is essential for the Company to have his continued services for its future growth.

Sri K S Kasi Viswanathan's appointment as Director on the Board of the Company was on the basis of his being not liable to retire by rotation, as long as he is the Managing Director of the Company.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration including commission and the perquisites from time to time within the limits prescribed in Schedule V to the Companies Act, 2013 or any amendment or statutory modifications thereto.

In terms of Part III of Schedule V to the Companies Act, 2013, the appointment and remuneration as above shall be subject to the approval by Members of the Company

in General Meeting and accordingly, the subject is placed before the Members for their approval under item No. 6 in the Notice.

A copy of the Resolution of the Nomination cum Remuneration Committee / Board of Directors in this regard is available for inspection by the Members at the Registered Office of the Company during business hours on any working day prior to the date of the meeting.

No other Director, Key Managerial Personnel or their relatives, other than Sri K S Kasi Viswanathan are interested in this item of business.

Item No. 7

Re-appointment of Sri V Pichai as Deputy Managing Director and Secretary

The current term of Sri V Pichai, as Deputy Managing Director and Secretary expired on 31st March 2017. The Board of Directors at their meeting held on 25th March 2017, reappointed Sri V Pichai as Deputy Managing Director and Secretary of the Company for a further period of three years from 1st April 2017 and approved the remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of Members in General Meeting:

I Remuneration

a) Salary

₹ 5 65 000 (Rupees five lakhs sixty five thousands only) per month.

(b) Incentive

As may be determined by the Nomination-cum-Remuneration Committee / Board from time to time.

II Perquisites

Perquisites shall be as per the Rules of the Company and in any case will be restricted to an amount equal to annual salary.

Perquisites shall be valued in terms of the Income tax Rules and accordingly certain perquisites, essentially covering retirement benefits, viz., contribution to Provident Fund, Superannuation Fund, Annuity Fund, Gratuity not exceeding half a month salary for each completed year of service, leave encashment at the end of the tenure, etc., shall, however, be excluded in reckoning the said ceiling.

III General

In the event of loss or inadequacy of profits in any financial year, Sri V Pichai shall be entitled to such remuneration as may be determined by the Nomination-cum-Remuneration Committee / Board which shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 2013 and the Rules made thereunder.

In any event, the Salary, Incentive and Perquisites will be within the overall ceiling specified in the Companies Act, 2013 and as applicable from time to time

Sri V Pichai was last appointed as Deputy Managing Director and Secretary for a period of three years from 01 04 2014. The said appointment and remuneration package as determined by the Nomination cum Remuneration Committee of the Board and the Board of Directors were later approved by the Members of the Company at the Fifty Fourth Annual General Meeting held on July 25, 2014. He has completed his term as Deputy Managing Director and Secretary on March 31, 2017.

Sri V Pichai is a Chartered Accountant and a Company Secretary. His qualifications are B.Com., ACA, ACS and CAIIB. He has to his credit more than 45 years of experience. After a short stint of 7 years in a nationalized Bank, Sri V Pichai joined the Company in 1980. He has served the Company for nearly four decades. He has managed admirably various functional areas of the Company, viz., Accounts, Finance, Legal, Taxation, Secretarial, etc.

He is aged 69. He is in charge of Finance, Accounts, Taxation, Legal and Secretarial functions of the Company. He reports to the Chairman.

In the year 2011, the Company acquired M/s Subburaj Paper Mills in Tirunelveli capable of producing 90 000 tonnes of fine printing and

writing papers. In a quick span of two years the Unit has recorded more than 90% capacity utilisation of its operating capacity of 60 000 tonnes per annum and achieved cash break-even. With proposed capital additions, the operating capacity has to be taken up quickly to the full installed capacity of 90 000 tonnes per annum.

At the time of acquisition, Subburaj Papers had borrowings from more than half a dozen commercial banks. They did not have strength to negotiate and come to a fair settlement. The Company took over that responsibility also. Sri V Pichai single handedly met the top Officials at the level of Chairman and Managing Directors and Executive Directors of all the Banks, arranged for multiple meetings among the banks, negotiated an acceptable One Time Settlement (OTS) and finally a comprehensive Consortium Meeting wherein the representatives of all Banks, the representatives of Subburaj Papers and representatives of SPB participated and concluded the OTS. The OTS gave substantial relief to Subburaj Papers besides releasing the ex-Promoters from their personal guarantee obligations.

For funding the acquisition also, he was responsibile to source the entire funds at competitive interest rates. For this, he met the Chairman of Canara Bank and convinced him about the growth plans of SPB and how the acquisition of Subburaj would hasten the growth. Having convinced, Canara Bank whole heartedly supported the acquisition of Subburaj Papers and sanctioned immediately Long Term Loan of ₹ 180 crores and Working Capital facilities of ₹ 60 crores. These efforts and success achieved in all these efforts by Sri V Pichai are really timely and commendable.

Currently, the Company is implementing a Mill Development Plan at Unit : Erode at a cost of ₹ 125 crores and a Mill Expansion Plan at Unit : Tirunelveli at a cost of ₹ 75 crores. For these Projects also Term Loan finance has been secured from Banks by Sri V Pichai. At this juncture, it is essential for the Company to have his continued services for its future growth.

As Sri V Pichai will be crossing the age of 70 during the ensuing period of appointment, approval of the Members is sought through a Special Resolution at this Annual General Meeting.

Sri V Pichai's appointment as Director on the Board of the Company was on the basis of his being liable to retire by rotation. He will continue to be the Director of the Company till his turn comes for retirement by rotation. He is eligible to seek re- election at the Annual General Meeting in which he retires by rotation.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration, including commission and the perquisites from time to time within the limits prescribed in Schedule V to the Companies Act, 2013 or any amendment or statutory modifications thereto.

In terms of Part III of Schedule V to the Companies Act, 2013, the appointment and remuneration as above shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval under item No. 7 in the Notice.

A copy of the Resolution of the Nomination cum Remuneration Committee / Board of Directors in this regard is available for inspection by the Members at the Registered Office of the Company during business hours on any working day prior to the date of the meeting.

No other Director, Key Managerial Personnel or their relatives, other than Sri V Pichai are interested in this item of business.

Item No. 8

Payment of Remuneration to Non Whole-time Directors

The Shareholders in their 53rd Annual General Meeting had authorised payment of commission to Non Whole-time Directors upto

the permissible ceiling under Section 309 of the Companies Act, 1956 for a period of five years from 2013-14.

Non Whole-time Directors play a pivotal role in strengthening corporate democracy and governance process. They are called upon to devote considerable time and effort for due discharge of their role and obligation. It is but fair and equitable that they receive due compensation for this by way of permissible commission within the ceiling prescribed under the Act.

It is accordingly proposed to seek fresh authorisation of Shareholders by way of an Ordinary Resolution for the payment of commission to Non Whole-time Directors for a tenure of three financial years from 2016-17.

A copy of the Articles of Association, Resolution passed by the Board of Directors on the subject and other relevant records are available for inspection by Members on any working day of the Company between 11.00 AM and 01.00 PM.

All Directors (other than the Chairman, Managing Director and Deputy Managing Director and Secretary) and none of the key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in this item of business.

Item No. 9

Remuneration to Cost Auditor

The Company is engaged in the manufacture of paper and paper boards at its unit at Erode and Tirunelveli. It has been maintaining cost accounting records and getting them audited under the provisions of the Companies Act, 2013. Cost Auditor for this purpose was appointed with the approval of Central Government.

Section 148 of the Companies Act, 2013 has similar prescription for cost records and audit thereof. While the remuneration for the audit of cost records is determined by the Board of Directors on the recommendations of Audit Committee, it will have to be ratified by the Members at the following General Meeting. The approval of Central Government is no longer required under the new Law.

Pursuant to the above, the Board of Directors have appointed M/s S Mahadevan & Co., Cost Accountants (Firm Registration No. 000007) for the audit of cost records of the Company for the financial year 2017-18 and determined the remuneration at ₹ 2 00 000 (Rupees two lakhs only), in addition to Service Tax, reimbursement of actual expenses incurred in connection with the Audit, based on the recommendations of the Audit Committee. It is now placed for the approval of the Members in accordance with Section 148(3) of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

Copies of relevant Resolutions of the Audit Committee and Board are available for inspection of the Members on any working day of the Company between 11.00 AM and 01.00 PM.

No Director, Key Managerial Personnel or relative of them is concerned or interested, financially or otherwise, in this business.

(By Order of the Board)
For Seshasayee Paper and Boards Limited

(V PICHAI)
Deputy Managing Director & Secretary

Chennai
May 30, 2017

Appendix - A

Appointment / Re-appointment of Directors :

Disclosure required under Clause 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment / re-appointment at the Fifty Seventh Annual General Meeting

MR MD NASIMUDDIN, IAS

Date of birth and age	:	03 12 1963 (53 years)
Date of appointment	:	25 03 2017
Qualification	:	IAS
DIN	:	02026939
Expertise in specific functional areas	:	Principal Secretary to Government, Government of Tamil Nadu
Number of shares held in the Equity Capital of the Company	:	Nil
Relationship with other Directors	:	He is not related to any other Director.
Directorship in other companies	:	The Tamilnadu Tea Plantation Corporation Limited Tamilnadu Forest Plantation Corporation Limited Arasu Rubber Corporation Limited Tamilnadu Tourism Development Corporation Limited Tamilnadu Water Investment Company Limited
Committee / executive positions held in other companies	:	Nil

SRI N GOPALARATNAM

Date of birth and age	:	15 04 1947 (69 years)
Date of appointment	:	26 12 1987 as a Director 01 04 1988 as Managing Director 28 07 2001 as Chairman and Managing Director 01 04 2014 as Chairman 01 04 2017 as Chairman
Qualification	:	B.Sc., B.E. (Mech)
DIN	:	00001945
Expertise in specific functional areas	:	Mechanical Engineer with more than 40 years of specialisation in design, operation and management of Pulp and Paper industry.
Number of shares held in the Equity Capital of the Company	:	9231
Relationship with other Directors	:	He is not related to any other Director.
Directorship in other companies	:	Ponni Sugars (Erode) Limited High Energy Batteries (India) Limited SPB Projects and Consultancy Limited Esvi International (Engineers & Exporters) Limited Time Square Investments Private Limited
Committee / executive positions held in other companies	:	Ponni Sugars (Erode) Limited - Stakeholders Relationship Committee - Chairman - Nomination-cum-Remuneration Committee - Member High Energy Batteries (India) Limited - Stakeholders Relationship Committee - Chairman

SRI K S KASI VISWANATHAN

Date of birth and age	**:**	28 03 1951 (66 years)
Date of appointment	**:**	29 01 2005 as Director (Operation) 01 04 2008 as Deputy Managing Director 01 04 2011 as Deputy Managing Director 01 04 2014 as Managing Director 01 04 2017 as Managing Director
Qualification	**:**	B. Tech., MMS
DIN	**:**	00003584
Expertise in specific functional areas	:	He is a Chemical Engineer (B Tech. from the Regional Engineering College, Tiruchi and MMS from University of Madras). He has to his credit nearly 38 years of Industrial experience, majority of which has been with the SPB Group companies. He has gained excellent exposure in management of integrated paper mills, besides Project Implementation. He is largely responsible for the efficient operations of the Mill. He is in charge of production operations, Project implementation and Human Resources Development. He reports to the Chairman.
Number of shares held in the Equity Capital of the Company	**:**	582
Relationship with other Directors	**:**	He is not related to any other Director.
Directorship in other companies	**:**	Nil
Committee / executive positions held in other companies	**:**	Nil

SRI V PICHAI

Date of birth and age	**:**	12 09 1947 (69 years)
Date of appointment	**:**	29 01 2005 as Director (Finance) & Secretary 01 04 2008 as Director (Finance) & Secretary 01 04 2011 as Director (Finance) & Secretary 01 04 2014 as Deputy Managing Director & Secretary 01 04 2017 as Deputy Managing Director & Secretary
Qualification	**:**	B.Com., ACA, ACS, CAIIB
DIN	**:**	00263934
Expertise in specific functional areas	**:**	He is a Chartered Accountant and a Company Secretary. His qualifications are B. Com., ACA, ACS and CAIIB. He has to his credit nearly 43 years of experience. After a short stint of 7 years in a nationalised Bank, he joined the Company in 1980. He has completed over 35 years of service in the Company. He has managed admirably various functional areas of the Company, viz., Accounts, Finance, Legal, Taxation, Secretarial, etc. He is in charge of the Finance, Accounts, Taxation, Legal and Secretarial functions of the Company. He reports to the Chairman.
Number of shares held in the Equity Capital of the Company	**:**	8539
Relationship with other Directors	:	He is not related to any other Director.
Directorship in other companies	**:**	Dhanashree Investments Private Limited Time Square Investments Private Limited Ultra Investments and Leasing Company Private Limited
Committee / executive positions held in other companies	**:**	Nil

Appendix - B

Voting Process and Instructions

(A) Remote e-Voting (Voting through electronic means) :

I In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 57th Annual General Meeting (AGM) by electronic means. The facility of casting votes by a Member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by National Securities Depository Limited (NSDL) and the items of business as detailed in this Notice may be transacted through remote e-voting.

II. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date of July 22, 2017 only shall be entitled to avail the facility of Remote e-Voting.

III The Members who have cast their votes through Remote e-Voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.

The instructions for Remote e-Voting are as under:

(i) Members whose shareholding is in the dematerialised form and whose e-mail addresses are registered with the Company / Depository Participant(s) will receive an e-mail from NSDL informing the User-ID and Password.

1 Open the e-mail and open PDF file, viz.; "SPB e-voting.pdf" with your Client ID or Folio No. as Password. The said PDF file contains your User ID and Password for remote e-voting. Please note that the Password is an initial Password.

2 Launch internet browser by typing the following URL: https://www.evoting.nsdl.com

3 Click on Shareholder - Login.

4 Put User ID and Password as initial Password noted in step (i) above. Click Login.

5 Password change menu appears. Change the Password with new Password of your choice with minimum 8 digits/characters or combination thereof. Note new Password. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.

6 Home page of Remote e-Voting opens. Click on Remote e-Voting: Active Voting Cycles.

7 Select "REVEN" (Remote E Voting Event Number) of Seshasayee Paper and Boards Limited.

8 Now you are ready for Remote e-Voting as Cast Vote page opens.

9 Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

10 Upon confirmation, the message "Vote cast successfully" will be displayed.

11 Once you have voted on the Resolution, you will not be allowed to modify your vote.

12 Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution/ Authority letter etc., together with

attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail to bksundaram@gmail.com with a copy marked to evoting@nsdl.co.in

(ii) For Members holding shares in dematerialised form whose e-mail IDs are not registered with the Company / Depository Participants, Members holding shares in physical form, as well as those Members who have requested for a physical copy of the Notice and Annual Report, the following instructions may be noted:

1 Initial Password is provided as below/at the bottom of the Attendance Slip for the AGM:

REVEN (Remote E-Voting Event Number)	USER ID	PASSWORD

2 Please follow all steps from Sl No. 1 to 10 of (i) above, to cast vote.

IV In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and Remote e-Voting User Manual for Members available at the downloads section of www.evoting.nsdl.com or call on Toll-free No. 1800-222-990.

V Login to the Remote e-Voting website will be disabled upon five unsuccessful attempts to key in the correct Password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the Password.

VI If you are already registered with NSDL for Remote e-Voting, then you can use your existing User ID and Password for casting your vote.

VII 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).

VIII The Remote e-voting period commences on July 26, 2017 (9:00 a.m.) and ends on July 28, 2017 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of July 22, 2017, may cast their vote electronically. The Remote e-Voting module shall be disabled by NSDL for voting thereafter.

IX The voting rights of Members shall be in proportion to their share of the Paid-up Equity Share Capital of the Company as on the cut-off date of July 22, 2017.

(The appointment of Scrutiniser, Scrutiniser's report, declaration of results are covered separately since they are not for e-voting alone)

(B) Voting at AGM

1. The Company also offers the facility for voting through polling paper at the meeting. The Members as on the cut-off date attending the AGM are entitled to exercise their voting right at the meeting in case they have not already cast their vote by e-Voting.
2. Members who have cast their vote by e-Voting are also entitled to attend the AGM but they cannot cast their vote at the AGM.
3. The Chairman will fix the time for voting at the meeting. Shareholders present in person or by Proxy can vote at the meeting.

(C) General Instructions

1. The cut-off date for the purpose of e-Voting has been fixed as July 22, 2017. Members holding shares as on this cut-off date should endeavour to cast their vote in any one of the two modes.
2. In case of persons who have acquired shares and become Members of the Company after the despatch of AGM Notice, the Company would be despatching the Notice and the Annual Report to them

as and when they become members. In addition, the Annual Report is available on the Company website. They may follow the same procedure for voting.

3. Voting rights of Shareholders shall be in proportion to their shareholding in the Company as on the cut-off date of July 22, 2017.

4. In case a shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode through Remote e-Voting or voting at the meeting will be considered in that seriatim.

5. Mr B Kalyanasundaram, Practicing Company Secretary (Membership No. 672) has been appointed as the Scrutiniser.

6. The Scrutiniser will, after the conclusion of voting at the AGM :

   (i) First count the votes cast at the meeting thro Polling Paper.

   (ii) Then unblock the votes cast through e-Voting.

   (iii) All the above will be done in the presence of two witnesses not in the employment of the Company.

   (iv) Make a consolidated Scrutiniser's Report (integrating the votes cast at the meeting and through e-Voting) of the total votes cast in favour or against, if any, to the Chairman.

   (v) The Scrutiniser's Report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the Meeting.

7. Voting Results:

   (i) The Chairman or a person authorised by him in writing shall declare the result of the voting based on the Scrutiniser's Report.

   (ii) The results declared along with the Scrutiniser's Report will be placed on the Company's website www.spbltd.com and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared and also communicated to NSE and BSE.

   (iii) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of AGM.

DIRECTORS' REPORT

The Directors hereby present their Fifty Seventh Annual Report and the Audited Accounts for the year ended 31st March 2017 :

WORKING RESULTS

	2016-17 (in tonnes)	2015-16 (in tonnes)
Production	195413	182634
Sales	193977	182230
	(₹ lakhs)	(₹ lakhs)
Revenue from Operations		
Sales and Other Operating Income	119387	108312
Less: Excise Duty and Excise Cess	5908	5162
	113479	103150
Other Income	705	428
Total Revenue	114184	103578
Profit before interest, depreciation, exceptional item and tax	22174	11133
Finance Cost	2156	3229
Depreciation	3062	2876
Exceptional Item	0	0
Profit before tax	16956	5028
Provision for current tax	2164	0
Transfer to / (from) Deferred Tax	1907	1470
Net Profit	12885	3558

DIVIDEND

The Directors recommend payment of Dividend at ₹ 10 (₹ Ten) per Equity Share, absorbing a sum of ₹ 1261.36 lakhs.

As per the provisions of the Income tax Act, 1961, no tax will be deducted at source on dividends distributed. However, the Company will bear the tax on the dividend distributed, amounting to ₹ 256.78 lakhs.

Pursuant to the Accounting Standard 4 revised by Ministry of Corporate Affairs Notification dated 30th March 2016, Proposed Dividend on Equity Shares and Corporate Tax on dividend being a non adjusting event at the Balance Sheet date, are not recognised as liabilities in the accounts for the year ended March 31, 2017. The same will be recognised in the year of payment, viz., year ending March 31, 2018.

APPROPRIATIONS

Your Directors propose the following appropriations:

	2016-17 (₹ lakhs)
Net profit for the year	12885
Add :	
Surplus brought forward from the previous year	3260
	16145
Less :	
Transfer to General Reserve	6500
Balance carried forward	9645

OPERATIONS

PRODUCTION

During the year, the production at Unit : Erode was 1 25 662 tonnes, as compared to 1 23 630 tonnes, produced in the previous year. The production was higher by 2 032 tonnes, compared to the previous year. The production would have beenhigher but for the planned shut of equipment to undertake Mill Development Plan - Phase - I.

Unit : Erode also produced 31 826 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

Unit : Tirunelveli produced 69 751 tonnes of Paper during the year, as compared to 59 004 tonnes, produced in the previous year. Production would have been higher but for the planned shut of critical equipment for undertaking Mill Expansion Project.

The overall Production for the Company was 1 95 413 tonnes of Paper and Boards for the year, as compared to 1 82 634 tonnes produced, in the previous year.

SALES

After taking into account 1432 tonnes towards in-house consumption, Unit : Erode sold 1 24 230 tonnes, against the production of 1 25 662 tonnes and achieved zero stock at the end of the financial year.

In addition, Unit : Erode, as part of its trading activity, had sold petroleum products valued at ₹ 2 535 lakhs and 1 070 tonnes of Note Books. Closing Stock of Traded Goods was 268 tonnes, as on March 31, 2017.

After taking into account 4 tonnes for own use Unit : Tirunelveli sold 69 747 tonnes against the production of 69 751 tonnes and achieved zero stock at the end of the financial year.

In addition, Unit : Tirunelveli, as part of its trading activities had sold 143 tonnes of Note Books. Closing stock of traded goods was 312 tonnes as on March 31, 2017.

The overall sale of Paper and Paper Boards effected by the Company during the year, was 1 93 977 tonnes, compared to 1 82 230 tonnes, sold during the previous year.

PROFITABILITY

The Revenue from Operations of the Company for the year was ₹ 1 14 184 lakhs, as against ₹ 1 03 578 lakhs, in the previous year.

Profit before interest, depreciation, exceptional item and tax was ₹ 22 174 lakhs, for the Company as a whole, compared to ₹11 133 lakhs, in the previous year.

After absorbing interest and depreciation of ₹ 2 156 lakhs and ₹ 3 062 lakhs, respectively, the Profit before tax was ₹ 16 956 lakhs, as compared to ₹ 5 028 lakhs, in the previous year.

The Company achieved excellent financial results, both in Unit : Erode and Unit : Tirunelveli. Major factors that had contributed to improved financial performance during the year were :

- ◊ Higher production at Unit : Tirunelveli
- ◊ Higher Wood Pulp production at Unit : Erode that enabled replacement of costly imported pulp at Unit : Tirunelveli
- ◊ Improved Green Power generation at Unit : Erode that enabled reduced drawal of Grid Power and nil purchase of costly Power from third parties.
- ◊ Optimisation in Raw Material consumption.
- ◊ Moderation in prices of key inputs, viz., Wood, Coal and Furnace Oil.
- ◊ Favourable market conditions that enabled upward price revisions for end products.
- ◊ Lower Interest and Financing Charges due to repayment of Term Loans and utilisation of lower amount of working capital limits.

For the year ended 31st March 2017, the tax liability under MAT works out to ₹ 3590.30 lakhs. The tax liability under the normal method works out to ₹ 2164.22 lakhs after fully setting off the carry forward unabsorbed depreciation and deduction under Section 80-IA of the Income tax Act, 1961. The excess of MAT tax liability over the tax liability under regular method, amounting to ₹1426.08 lakhs is recognised as MAT Credit Entitlement. Consequently, the Company became liable for the net current tax liability of ₹ 2164.22 lakhs. Provision for taxation has been made in the books accordingly. The Company is entitled to carry forward ₹ 1426.08 lakhs as MAT Credit Entitlement and utilise the MAT tax paid in future when it becomes liable for tax under regular method.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of ₹ 1 907 lakhs has been transferred to Deferred Tax to the debit ofthe Profit and Loss Account, as against transfer of ₹ 1 470 lakhs in the previous year.

In the result, Profit after tax for the year was ₹ 12 885 lakhs, as compared to ₹ 3 558 lakhs, in the previous year.

FINANCE

Instalments of Term Loans and interest dues on Term Loans and Working Capital borrowings werepaid on or before the respective due dates.

INTEREST FREE SALES TAX DEFERRAL LOAN

The Company repaid ₹ 628 lakhs during the year and the balance outstanding as on March 31, 2017 was ₹ 2 235 lakhs.

MARKET CONDITIONS

Market conditions during the year 2016-17 were stable aided by a growing economy and restricted availability of paper in the domestic market on account of closure of some units.

Increased demand from educational sector supported the market in the early part of the year. The subsequent off-season did not see much fall in demand unlike in previous years.

While sale of certain grades like colour paper and copier were affected by the Demonetisation Scheme announced by the Government in November 2016, the main challenges came from influx of imported copier, coated grades and even Maplitho grades from ASEAN countries at extremely competitive prices taking advantage of the Zero Import Duty window.

Order flow of colour grades and copier improved in the last quarter with better liquidity in the retail market. With improvement in Indian Economy, demand was stable during the fourth quarter as well and helped the Company to achieve the customary 'Zero Stock' both in Erode and Tirunelveli Units with relative ease.

EXPORT PERFORMANCE

Unit : Erode exported 12 737 tonnes during the year, as compared to 14 342 tonnes, exported during 2015-16. The export proceeds amounted to US $ 10 152 486. In Rupee terms, the value of exports amounted to ₹ 6 894 lakhs. The export constituted around 10.14% of production.

The Unit : Erode also sold 364 tonnes, under deemed exports whose proceeds amounted to ₹ 209 lakhs.

Unit : Tirunelveli exported 13 130 tonnes of Paper during the year, as against 15 006 tonnes, exported during the previous year. The export proceeds amounted to US $ 8 785 534. In Rupee terms, the value of exports amounted to ₹ 6 561 lakhs. The exports constituted around 18.82% of the Production.

The Unit : Tirunelveli also sold 354 tonnes, under deemed exports whose proceeds amounted to ₹ 195 lakhs.

During the year the Company succeeded in exporting paper from Unit : Tirunelveli and Unit : Erode to the USA market.

TREE FARMING ACTIVITY

The Company provides quality Clonal Seedlings of Eucalyptus, as well as Casuarina Seedlings, at subsidised rates, to interested farmers and assist them with technical help to achieve higher yields.

Technical Support for this initiative is provided in association with the Department of Tree Breeding of Forest College and Research Institute, attached to Tamil Nadu Agricultural University, Coimbatore, through a Collaborative Research Project.

In accordance with the Company's vision to achieve wood positive status, over twelve crore seedlings (Clonal Eucalyptus Seedlings and bare-rooted Casuarina Seedlings) were made available to farmers at subsidised rates for planting in about 16 000 acres of land.

ISO 9001 / ISO 14001 ACCREDITATION

Company's Quality Management Systems continue to be covered by the "ISO 9001" accreditation. Company's Environmental Management System, continues to enjoy "ISO 14001", accreditation.

OHSAS 18001 CERTIFICATION

The Company continues to enjoy certification under Occupational Health and Safety Assessment Series 18001 (OHSAS) which is an international standard that facilitates management of Occupational Health and Safety risks associated with the business of the organisation.

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION

The Company has been certified under three Standards of FSC, viz., FSC-STD-40-004, FSC-STD-40-005 v2-1 and FSC-STD-40-003 v1-0. By this, the Company assures its stakeholders that the wood, wood fibre and pulp purchased by it are traceable to responsibly managed plantations and that adequate document controls are in place to ensure identification and traceability throughout the Chain of Custody. This also means that the Company is capable of manufacturing and selling FSC Pure and FSC Mixed Products in the domestic and international markets.

AWARDS

During the year under review, the Company won the following Awards:

- ◊ Special Export Award from CAPEXIL for the year 2014-15 for its excellent export performance.
- ◊ IPMA Environment Award for 2015-16 for best environmental practices.
- ◊ CII's 17th National Award for excellence in energy management - 2016 - "Excellent Energy Efficient Unit".
- ◊ CII's 17th National Award for excellence in energy management - 2016 - "Innovative Project".

EXPORT HOUSE STATUS

The Company is accredited with "Star Export House" Status by the Government of India, Ministry of Commerce, Directorate General of Foreign Trade, in recognition of its export performance.

DEPOSITORY SYSTEM

As on March 31, 2017, 6 346 Members were holding their shares in demat form and 96 68 273 Equity shares, representing 76.65% of the total Paid up Equity Share Capital of the Company, have been dematerialised.

SUBSIDIARY

M/s Esvi International (Engineers & Exporters) Limited (Esvin) is a wholly owned subsidiary of the Company. Currently, Esvin holds properties and derives property income.

MILL DEVELOPMENT / EXPANSION PLAN

As informed last year, the Company embarked on implementation of two Projects, viz., Mill Development Plan II at Unit : Erode and Mill Expansion Plan at Unit : Tirunelveli.

The Mill Development Plan II at Unit : Erode is aimed at :

- ◊ Augmentation of Paper production capacity from 1 15 000 tonnes to 1 65 000 tonnes per annum.
- ◊ Augmentation of Wood Pulp production from 1 15 000 tonnes to 1 45 000 tonnes per annum.
- ◊ Augmentation of Captive Power Plant capacity by 15 MW.
- ◊ Up-gradation of Waste Water Treatment facilities to comply with all relevant regulations.

The Company has since received Consent To Operate (CTO) to produce 1 65 000 tonnes per annum of Paper and 1 80 000 tonnes per annum of Pulp. GO, for relaxing the 5 km restriction (for undertaking expansion of existing units situated within 5 km of River Cauvery) has since been issued by Government of Tamilnadu.

The Mill Development Plan II is estimated to cost ₹ 300 crores and will be implemented in convenient phases.

Similarly, Mill Expansion Plan has been drawn up for Unit : Tirunelveli at an estimated cost of ₹ 180 crores. The Project is aimed at :

- ◊ Augmentation of Paper production capacity from 72 000 tonnes to 1 10 000 tonnes per annum by various de-bottlenecking measures and up-gradation of quality.
- ◊ Installation of a Coal based 18 MW Captive Power Plant.

The Company has since secured necessary Environmental Clearance for undertaking this Project which is being implemented in convenient phases.

CURRENT YEAR (2017-18)

In Unit : Erode, the Production during April 2017 was 9 073 tonnes, as compared to 10 378 tonnes, produced during April 2016. In Unit : Tirunelveli, the Production was 5 454 tonnes in April 2017, as against 5 400 tonnes in April 2016. The overall Production for the Company, for the month of April 2017, was 14 527 tonnes. Total Revenue (net of Excise Duty and Cess), during April 2017, amounted to ₹ 6 897 lakhs, compared to ₹ 6 202 lakhs, during April 2016.

During April 2017, 609 tonnes of paper, valued at US $ 482 591 (equivalent to ₹ 311 lakhs) were exported. In addition, 18 tonnes, valued at ₹ 11 lakhs, were exported under deemed exports.

Due to severe drought conditions and drying of the perennial Rivers prevailing in the State of Tamilnadu, the Tamilnadu Government has advised the Company to restrict the drawal of water from the River Cauvery for drinking water purposes only. While the Company has appealed to the Government to permit minimum quantity of water, steps have been taken to step-up ground water resources. A similar direction has been given to Unit : Tirunelveli. Subsequently, Unit : Tirunelveli has been allowed to draw 50% of permitted quantity of water. This will enable the Unit to maintain full production.

ENVIRONMENTAL PROTECTION

The Company continues to provide utmost attention to the conservation and improvement of the environment. In Unit : Erode, the Power Boilers and Recovery Boilers are equipped with Electro Static Precipitators, to arrest dust emissions. The Company has installed and operates an Anaerobic Lagoon, for high BOD liquid effluents and a Secondary Treatment System, for total Mill effluent. These facilities are operating efficiently, enabling the Company to comply with the pollution control norms, prescribed by the Pollution Control Authorities, on a sustained basis. The treated effluent water continues to be utilised for irrigating nearby sugar cane fields. The implementation of the Mill Development Plan has enabled the Mill to enhance its environmental performance and compliance, thereby complying with the Charter on Corporate Responsibility for Environmental Protection (CREP) on a sustained basis.

Unit : Tirunelveli is well equipped with efficient Electrostatic Precipitator for the Power Boiler and has an extensive green cover. Its treated waste water, after recycling, is used to irrigate the Company owned lands.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Report on Management's Discussion and Analysis, as required under Clause 49(VIII)(D) of the Listing Agreement with Stock Exchanges covering industry structure and developments, opportunities and threats, outlook, discussion on financial performance, etc., is contained in "Management Discussion and Analysis Report" that forms an integral part of this Report and annexed as Annexure - I.

CORPORATE GOVERNANCE

Pursuant to Regulation 34 and Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance Report, together with the Certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance is given in Annexure - II.

DISCLOSURE REQUIREMENTS UNDER SECTION 143(3) OF THE COMPANIES ACT, 2013

Section 143(3) of the Companies Act, 2013 requires the Board's Report to include several additional contents and disclosures compared to the earlier law. Most of them have accordingly been made in the Corporate Governance Report at appropriate places that forms an integral part of this Report.

EXTRACT OF THE ANNUAL RETURN

The details forming part of the Extract of the Annual Return in Form MGT - 9, is given in Annexure - III.

DIRECTORS' RESPONSIBILITY STATEMENT

While preparing the annual accounts, the Company has adhered to the following:

- ◊ Applicable Accounting Standards, referred to in Section 129(1) of the Companies Act, 2013, have been followed.
- ◊ The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the said period.
- ◊ The Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013, 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 that such internal financial controls are adequate and were operating effectively.
- ◊ The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company invested ₹ 200 lakhs in the Equity Capital of its fully owned Subsidiary, viz., Esvi International (Engineers & Exporters) Limited by subscribing to 100 000 Equity Shares of ₹ 100 each at a premium of ₹ 100 per share.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

The Corporate Governance Report contains relevant details on the nature of Related Party Transactions (RPTs) and the policy formulated by the Board on Material RPTs. Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013 are furnished in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC - 2 as Annexure - IV.

MATERIAL CHANGES AND COMMITMENTS

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

There are no material changes and commitments in the business operations of the Company since the close of the financial year on 31st March 2017 to the date of this Report.

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

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in Annexure - V.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 of the Companies Act, 2013 mandates every company having minimum threshold limit of net worth, turnover or net profit as prescribed to constitute a Corporate Social Responsibility Committee of the Board, formulation of a Corporate Social Responsibility Policy that shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and duly approved by the Board, fix the amount of expenditure to be incurred on the activities and monitor the CSR Policy from time to time.

Since your Company falls within the minimum threshold limits, constituted a CSR Committee of the Board and formulated a CSR Policy. The CSR Report, forming part of this Report, is furnished in Annexure - VI.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197, read with Rule 5 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014, is furnished in Annexure - VII.

CASH FLOW STATEMENT

As required under Regulation 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Cash Flow Statement is attached to the Balance Sheet.

INDUSTRIAL RELATIONS

Relations between the Management and Employees were cordial throughout the year under review. In Unit : Erode, a long term wage settlement for the period April 1, 2014 to March 31, 2019 was reached during the year with Staff Association with regard to payment of salary, bonus, production incentive and other benefits under Section 12(3) of the Industrial Disputes Act, 1947, before the Joint Commissioner of Labour, Coimbatore. Such an agreement was reached with Labour Unions in the previous year. In Unit : Tirunelveli, a long term agreement has already been reached with the Union covering the wages / salary and other benefits.

DIRECTORS

During the year, Tamilnadu Industrial Investment Corporation Limited (TIIC) withdrew the nomination of Mrs Supriya Sahu, IAS and in her place nominated its Principal Secretary / Managing Director Mr Md Nasimuddin, IAS, as its Nominee Director on the Board of our Company. The nomination of Mr Md Nasimuddin, IAS, was also withdrawn and in his place nominated its Chairman and Managing Director, Sri Satyabrata Sahoo, IAS, as its Nominee Director on the Board of our Company.

During the year, Government of Tamilnadu, nominated Sri Atulya Misra, IAS, Principal Secretary to Government, Environment and Forests Department, to represent the Government, as its Nominee Director on the Board of our Company, in the place of Sri Hans Raj Verma, IAS. The nomination of Sri Atulya Misra, IAS, was also withdrawn and in his place nominated Mr Md Nasimuddin, IAS, Principal Secretary to Government, Environment and Forests Department, as its Nominee Director on the Board of our Company.

Your Directors place on record the valuable services rendered by Mrs Supriya Sahu, IAS and Sri Atulya Misra, IAS, during their tenure as Directors of the Company.

All the Independent Directors have given the declaration that they met the criteria on independence, as laid down under Section 149(6) of the Companies Act, 2013. The performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the Director being evaluated at the Board Meeting held on 25th March 2017. The Board on the basis of such performance evaluation determined to continue the term of appointment of all the Independent Directors who have been appointed by the Company at its 54th Annual General Meeting for a fixed tenure till 31st March 2019.

AUDITORS

M/s Suri & Co., (Firm Regn. No. 004283S) and M/s S Viswanathan LLP, (Regn. No. 004770S / S200025), Chartered Accountants, Chennai shall cease to hold office at the conclusion of this 57th Annual General Meeting having regard to the provisions of Section 139(2) of the Companies Act, 2013. Your Board wish to place on record the excellent professional services received from them all along.

The Board of Directors proposed continuance of M/s Maharaj N R Suresh & Co., as Statutory Auditor till the conclusion of the 58th Annual General Meeting, subject to ratification by Members at every Annual General Meeting.

Further, the Board of Directors proposed appointment of M/s R Subramanian and Company LLP (Regn No. 004137S) as Joint Auditor to hold office for a term of five years from the conclusion of 57th Annual General Meeting and till the conclusion of 62nd Annual General Meeting.

Accordingly, requisite Resolution for ratifying the appointment of M/s Maharaj N R Suresh & Co., and approving the appointment of M/s R Subramanian and Company LLP is proposed in the manner stated in the Notice for the 57th Annual General Meeting.

Particulars of Statutory Auditors, Cost Auditors, Internal Auditors and the Secretarial Auditors have been given in the Corporate Governance Report that forms an integral part of this report. Secretarial Audit Report, as required by Section 204(1) of the Companies Act, 2013, is attached in Annexure - VIII.

ACKNOWLEDGEMENT

The Directors place on record their great appreciation of the tireless efforts of all the Executives and Employees of the Company for their commendable performance in achieving excellent financial results. The Directors also express their sincere thanks to the Government of India, Government of Tamilnadu and Commercial Banks, for their understanding, guidance and assistance and Dealers, Customers, Suppliers and Shareholders, for their excellent support, at all times.

On behalf of the Board

N GOPALARATNAM
Chairman

Chennai
May 30, 2017

ANNEXURE - I

REPORT ON MANAGEMENT'S DISCUSSION AND ANALYSIS

(i) Industry Structure and Developments

Global :

Paper Industry occupies a prestigious position, among the various manufacturing enterprises globally, in view of its significant contribution to the Society. Role of paper in promotion of literacy, propagation of information and knowledge and in packaging commodities and items of commercial value, makes it an indispensable product. Its hygiene products offer unique solutions to society's needs.

Despite predictions that the digital revolution would make paper obsolete, paper remains central to our lives. Paper is interwoven with human life in innumerable ways. Think of the hundreds of times, we touch paper, in a day. Paper is a bio-degradable product with a benign foot print at the end of its life cycle and this adds further strength to this product, promoting its growing usage.

Paper Industry is a significant player in the World Economy. Its annual revenue exceeds US $ 500 billions. World consumption of paper and paper boards grew from 169 million tonnes in 1981 to 253 million tones in 1993 and to 352 million tonnes in 2005. Current consumption is of the order of 410 million tonnes. Roughly half of this, is consumption by Europe and North America. Paper usage, however, has been declining in North America and Europe since 2006 while steeply rising in China and other Asian Economies. About half of the paper produced each year is recycled. (200 million tonnes in 2012).

The four key Paper and Board categories are : Newsprint, Coated/Uncoated Woodfree Papers, Tissue Papers and Papers and Boards for packaging applications. Tissue, Container Board and Carton Board are expected to witness higher growth rates in future while newsprint and wood-free grades may witness declining trend.

Global demand for paper and paper board is forecast to grow to 482 million tonnes in 2030, or 1.1 per cent per year, according to a global paper market insight study by Poyry Management Consulting. The study forecasts the graphic paper market facing huge challenges, in particular, due to shrinking of demand for newsprint as well as uncoated and coated wood containing and wood free papers. Demand for Tissue Paper, Container Boards and Carton Board is expected to grow upto 2030, driven by increasing packaging needs in emerging markets, booming e-commerce and the growing demand for convenience food and consumer goods. The annual consumption of packaging material and tissue/hygiene products is estimated to rise by upto 2.9 per cent.

As per CRISIL, proliferation of digital devices has contained the demand for newsprint and stationery. Between 2015-16 and 2020-21, CRISIL estimates the global paper demand to grow by a mere 0-1%, CAGR to reach 420 million tonnes. The Industry has been on a low growth trajectory for at least a decade. The subdued growth is primarily due to structural shift in printing and writing and newsprint paper demand. Paper Boards, on the other hand, has registered a growth of 1.9% CAGR during 2010-2015. India's paper board demand is projected to grow at a healthy 7.0 - 7.5% CAGR upto 2021. CRISIL further forecasts that printing and writing paper demand to decline over 2016-2021.

Paper Industry is often at the receiving end from environmental activists who are weary of environmental footprint of this resources-intensive industry. As per European Environmental Paper Network (EEPN), Paper Industry should enable a clean, healthy, just and sustainable future for all life on Earth. EEPN's vision encompasses 7 principles; namely: Reduce global paper consumption and promote fair access to paper, maximise recycled paper content, ensure social responsibility, source fibre

responsibly, reduce greenhouse gas emissions, ensure clean products and ensure transparency and integrity.

China is the largest producer and consumer of paper, producing and using more than 100 million tonnes of paper and board annually. China is also the biggest importer of recovered paper and producer of recycled paper. The Chinese Environment Paper Network (CEPN) has flagged its major concerns like, pollution of water from untreated mill effluent, unsustainable sourcing of fibre for Mills, imports of pulp from countries causing deforestation, insufficient levels of wastepaper recovery and wasteful use of paper.

According to RISI, in China, graphic markets have transformed because of use of electronic media and economic restructuring in recent years. China has undergone many changes that are hindering the growth of graphic paper industry. China's economic growth has slowed from 9% - 10% per annum in 2009-10 to close to 7% in 2014-15 and to less than 7% last year as the Government seeks to re-orient the economy from investment driven growth to consumption driven growth. This, combined with a major shift towards digital media usage has slowed Chinese graphic paper demand growth. RISI estimates that demand declined 1% - 2% from 2014-15, a strong contrast to the 6% - 7% demand growth that the market experienced from 2009-10, onwards.

Domestic :

India's paper production, in the year 2015-16 is estimated at 13.20 million tonnes while the domestic market size was 15.20 million tonnes, as per the Indian Paper Manufacturers' Association (IPMA). This would put the per capita consumption of India at 13 kgs. IPMA had estimated the annual growth rate to be 6.82% and has projected per capita paper consumption to reach 17 kgs in the year 2025.

India ranks as the 11th largest producer of paper in the world. However, the Indian Paper Industry accounts for a meagre 3% of global paper demand. The per-capita consumption of 13 kgs is significantly lower than the world average of around 67 kgs. India's per capita consumption is considerably lower than China's (65 kg), Indonesia's (22 kg), Malaysia's (25 kg) and of course USA's (312 kg) consumption levels. This indicates the ample scope available for expansion of the Indian Paper Industry.

While the market size and per capita consumption are relatively low, they have exhibited a rising trend over past several years, from 7.3 kg in 2008 to 11 kg in 2013 to 13 kg in 2016. As per ICRA, the total paper consumption has grown at a CAGR of around 6% over last decade with none of the last ten years showing a decline in consumption demand. The long-term demand outlook for the Indian paper industry remains favorable, driven by increasing literacy levels, growth in print media (particularly in the vernacular languages), higher government spending on education sector, changing urban lifestyles as well as economic growth. Given that these factors are likely to be sustained, the paper industry is likely to continue growing at a rate of 6% - 8% per annum in the medium to long term although there maybe aberrant years given the cyclical nature of the industry.

While so, CRISIL expects paper demand to grow at 5.5% - 6.5% between now and 2020-21. Demand for paper board is expected to grow at a healthy 7.0% - 7.5% over the next 5 years. Printing and writing paper is expected to rise at 4% - 4.5% CAGR against 3.6% between 2010-11 and 2015-16 on account of a likely pick-up from the education sector with improving literacy rates and Government schemes. Specialty Paper is expected to continue growing at about 9% -11%.

The Industry, faced considerable challenges in 2014-15 and in 2015-16, resulting in build-up of inventory and erosion in manufacturers' margins. Poor growth in demand, consequent on a sluggish economy, unabsorbed excess capacity in the Industry, product substitution and competition from imports were largely responsible for the lackluster performance of the Industry. However, the Industry is projected to grow to reach 23 million tonnes of production by 2024-25, driven by the enhanced emphasis

placed on education and promotion of literacy by the Government and higher demand for packaging grades, due to rising retail trade and e-commerce.

The Indian Paper Industry is highly fragmented. As per industry sources, there are more than 1000 paper mills in operation in the country. Development Council for Pulp, Paper and Allied Industry of Government of India, however, reckons about 750 mills are in operation producing nearly 13.20 million tonnes of paper, paper board and newsprint.

On the supply side, the industry saw significant capacity additions of 1.6 million tonnes during FY 2009 - FY 2011 (~15% of domestic paper capacity in FY 2009), particularly in the Printing and Writing Paper segment. The bunching of these capacities resulted in over-supply scenario during FY 2011 and FY 2012, as these incremental capacities could not be absorbed in the market. As a result, most players saw significant build-up of inventories as well as pricing pressures from FY 2012 onwards. But with steady growth in demand, the market has now started absorbing these incremental supplies.

According to Poyry, India will witness highest annual growth of about 6.5% per annum while China's growth is projected to be in the order of 5.25%, in the near term. North America and Japan may witness marginal or negative growth. Amongst the various grades, Container Boards, Tissue Paper, followed by Carton Boards will witness higher rates of growth, while growth rate of Coated / Uncoated wood-free Paper is expected to be under 2%.

(ii) Opportunities and Threats

The competitive strengths and the opportunities that are available to the Indian Paper Industry are:

- ◊ It is large and growing domestic paper market and potential for export.
- ◊ fast growing contemporary printing sector.
- ◊ Government's thrust for improving education and literacy in the Country.
- ◊ availability of qualified technical manpower with capability to design, build and manage world scale pulp and paper mills.
- ◊ well established Research and Development (R & D) facilities / activities encouraging innovation.
- ◊ potential for creation of sustainable raw material base through farm plantations.

The following competitive weaknesses and threats that confront the Industry are :

- ◊ inadequate availability of virgin fibre resulting in high cost of raw materials, including wood, non-wood and waste paper.
- ◊ poor collection of used paper resulting in low recovery rate and undue dependence on imports to meet domestic needs.
- ◊ absence of policy measures for creation of sustainable raw material base through industrial plantations and used paper recovery.
- ◊ likely closures, owing to increasingly stringent environmental regulations.
- ◊ lack of global competitiveness in costs and quality.
- ◊ numerous Regional Trade Agreements (RTAs) / Free Trade Agreements (FTAs) without adequate safeguards.
- ◊ increasing competition from electronic media and digital communication alternatives.

Paper Industry is capital intensive and yields poor returns on investments. To enhance the competitiveness of the Industry, Government must address the issues of creation of robust raw material base as well as extending fiscal incentives for assimilation of eco-friendly technologies, etc.

International Competitiveness is the key issue that is confronting the Indian Paper Industry today, especially in the context of Government's resolve to bring down import tariff every year and RTAs / FTAs entered into with ASEAN / SAARC countries.

The major players, alive to the emerging international threats, have been aggressively pursuing quality improvement programmes, coupled with cost rationalisation and capacity additions. Increasingly, more up-to-date technologies are sought to be implemented, with added focus on environmental compliance.

(iii) Segment-wise or Product-wise performance

The Company is a single product Company and hence, segment-wise or product-wise performance is not provided.

(iv) Risks and Concerns

- ◊ Failure of monsoon and absence of water flow in the River Cauvery, from where the Company draws its water requirements, had created anxious moments to the Company in the past. Such contingency has recurred in the current season forcing the Company to curtail production and alter the product mix. Further, inter-state sharing of River Cauvery water has become a political / legal issue in recent times. The Company is taking various initiatives to curtail quantum of water used in the process and has taken steps to identify ground water resources (which are meagre) within the Mill's premises. Similar situation prevails in Unit : Tirunelveli where the water drawal from River Thamirabarani is restricted to 50% of the permitted quantity. Supplemented by ground water resources, the Unit is maintaining full production.
- ◊ Continuous failure of monsoons resulting in scanty rainfall in the State of Tamil Nadu, had also affected substantially planting of sugarcane. This had brought down, significantly the availability of cane for 'crushing' by sugar mills in the State, including by our Group Company, Ponni Sugars. Bagasse availability, consequently, has been significantly affected in the past. This trend continues.
- ◊ While there has been some improvement in the availability of wood from within the State, unprecedented shortage of wood felt in the neighbouring State of Andhra Pradesh in 2013-14, which has been the primary sourcing point for the Andhra based mills and few upcountry Mills had forced these mills to turn to Tamil Nadu for meeting, at least a part, of their shortfall. This has seriously affected the availability and cost of wood for the Tamil Nadu based mills.
- ◊ With this mismatch of supply and demand, price of casuarina wood had skyrocketed by over 50% during 2013-14 and 2014-15, causing serious erosion in the profitability of operations. If this trend is to continue, the Company may have to resort to import of wood logs/chips at higher prices, to sustain production. The supply side constraints have since eased and availability of wood improved.
- ◊ The Company has taken steps to step-up production of clonal seedlings and bare-rooted seedlings by the Company's nursery as well as by the Company sponsored nurseries, to support planting of nearly 12 crores of Casuarina and Eucalyptus seedlings in about 7000 ha by small and marginal farmers in Tamil Nadu.
- ◊ The Company depends entirely on imported Coal for operating its Captive Power Plant. The price of imported Coal witnessed an unprecedented increase of more than 100% during 2007-08. Prices which softened from second half of 2008-09 have shown a rising trend currently. Future profitability of the Company will be impacted substantially by price increases as well as by weakening of Indian Rupee.
- ◊ Undue haste in reducing tariffs, for imports from countries covered by Government of India's RTAs / FTAs, will likewise expose the Industry to inexpensive imports from low cost producers of paper.

- ◊ Spurt in interest rates will impact the cost of future Projects and operating margins.
- ◊ Undue fluctuation in the exchange rate between Indian Rupee and US Dollar will impact the margins of the Company.

(v) Outlook for 2017-18

Global :

Global economic activity is picking up with a long awaited cyclical recovery in investment, manufacturing and trade, according to IMF's World Economic Outlook. World growth is expected to rise from 3.1% to 3.5% in 2017 and 3.6% in 2018.

The Regional Economic Outlook for Asia and the Pacific estimates growth for the region to increase this year to 5.5% from 5.3% in 2016. Growth is projected to be strong at 5.4% in 2018, as the region continues to be the leader of global growth. As per IMF report, more favourable global environment with growth accelerating in many major advanced and emerging market economies - notably the United States is predicted.

In China, the Asian Region's biggest and World's second largest economy, policy stimulus is expected to keep supporting demand. Although the first quarter growth of 2017 had been robust, China's growth is projected to decelerate to 6.6% in 2017 and 6.2% in 2018.

Japan's growth prospect for 2017 has been raised to 1.2% with support from expansionary fiscal policy and postponement of the consumption tax hike (from April 2017 to October 2019). The expansion would slow down to 0.6% in 2018, as the boost from the fiscal stimulus wears off.

Asia's near term risks are : tightening global financial conditions, more inward looking policies, spillovers from China's transition. Medium term risks are : population aging in some countries and slow productivity growth. IMF's prescription to tackle this longer term challenges are : countries need more women and migration in the workforce, stronger pension systems, more trade and foreign investment along with more research and advanced education.

According to Fitch Ratings, the pick-up in global growth remains on track with disappointing first quarter US GDP data offset by better than expected numbers in China and sustained growth in the Euro Zone and Japan.

As per CRISIL, global paper demand is expected to be muted upto 2020-21. Proliferation of digital devices has curtailed the demand for newsprint and stationery.

Between 2015-16 and 2020-21, global paper demand is forecast to increase by a mere 0% - 1% CAGR. The projected pace follows an equally muted 0.4% CAGR during 2010 and 2015. The Industry has been on low growth trajectory for at least a decade. The subdued growth is primarily due to structural shift in printing and writing and newsprint paper demand. Growth in packaging Grades - container boards and carton boards is expected to more than offset the decline in newsprint and printing and writing sectors.

Higher prices and stronger wood product, paper packaging and market pulp demand offsetting rising input costs and lower paper demand, will keep the outlook for the global paper and forest products industry stable, according to Moody's Investors Service. Consistent with the stable outlook, the rating agency expects consolidated operating income increases of 2% - 4% for its 46 globally rated forest product companies over the next 12 - 18 months.

Domestic :

India's Economy will grow at 6.9% in 2016-17, according to NCAER. This is much lower than 7.1% forecast by Government's own Statistical Department and higher than IMF's 6.6%. NCAER predicts a growth rate of 7.3% for 2017-18. The Agency blames demonetisation and global uncertainty for the downward forecast.

The growth of the Industrial Sector remained lacklustre in 2016-17. The overall Index of

Industrial Production showed a growth of 0.3% during April-December 2016 compared to the 3.2% growth in the previous year.

The UN Economic and Social Council for Asia and Pacific (ESCAP) has projected that India's economic growth would remain stable at 7.1% in 2017 before rising to 7.5% in 2018, driven by higher private and public consumption and increased infrastructure spending. According to the Survey, introduction of GST, amendment of the bankruptcy law and opening up of the pharmaceuticals, defence and civil aviation sectors will boost growth in the medium term.

The domestic paper demand is expected to be benefited by steady economic recovery and grow at 5.5% - 6.5% CAGR during the 2015-16 to 2020-21 period.

Demand for packaging grades is expected to grow at a healthy rate of 7% to 7.5% owing to rising sales of FMCG products, readymade garments, pharmaceuticals, household appliances and e-Commerce. Writing and Printing paper demand is expected to grow at a CAGR of 4% - 4.5% (as against 3.6% between 2010-11 and 2015-16) as the demand from education sector (with improving literacy rates and Government schemes and investments) gradually picks up. Specialty paper is expected to continue to witness a robust growth at 9% - 10% CAGR in next 5 years.

On the supply front, the total capacities in paper and packaging board segment (excluding newsprint) are set to increase by ~2.5% CAGR till 2021 and reach ~17 million tonnes. The majority of capacity additions are expected to take place in the packaging board segment, following an expected growth potential amongst other segments (such as Writing and Printing and newsprint). Moreover, few players (mostly from the un-organised segments) are expected to shift to packaging board segment, thereby raising sectors' installed capacities.

The domestic wood prices are estimated to have declined by ~4% in 2015-16, primarily on account of higher wood chips and pulp imports. Going forward, Wood prices will remain under pressure following anticipated rise in availability of wood domestically as the area under plantation has been growing at a faster pace in the last few years.

On the other hand, the domestic waste paper prices are expected to increase in FY 2018, owing to healthy demand, weakening of Rupee, etc.

In the writing and printing segment, margins are expected to rise in 2017-18, driven by hike in realisations coupled with decline in raw material costs.

In the packaging board segment, margins are expected to expand by 50 - 150 bps, owing to expected dip in prices of international waste paper prices and moderate hike in realisations. In 2017-18, thus, margins are expected to remain stable.

(vi) Internal control systems and their adequacy

- ◊ The Company maintains all the records in ERP system developed in-house and the work flow and majority of approvals are routed through this system.
- ◊ The Company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as Internal Auditors for periodically checking and monitoring the internal control measures.
- ◊ Internal Auditors are present at the Audit Committee Meetings where Internal Audit Reports are discussed alongside of management comments and the final observation of the Internal Auditor.
- ◊ The Board of Directors have adopted various policies, like Related Party Transactions Policy and Whistle Blower Policy and put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the Company, 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.

- ◊ The Company has enlisted the services of an external firm of Chartered Accountants to evaluate the adequacy of the internal financial control systems adopted by the Company. They have expressed satisfaction with the existing internal financial control system prevalent in the Company.
- ◊ The Statutory Auditors have also expressed satisfaction with the existing system in their Audit Report to the Shareholders.

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

During the year, the Company produced 1 95 413 tonnes, comprising Production of 1 25 662 tonnes at Unit : Erode and 69 751 tonnes at Unit : Tirunelveli.

The Unit : Erode also produced 31 826 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

The Company sold 1 93 977 tonnes, during the year, comprising sale of 1 24 230 tonnes by Unit : Erode and 69 747 tonnes by Unit : Tirunelveli.

The Company exported 25 867 tonnes of Paper during the year, comprising of 12 737 tonnes from Unit : Erode and 13 130 tonnes from Unit : Tirunelveli. In US $ terms the value of exports worked out to US $ 18 938 020 equivalent to ₹ 13 455 lakhs.

Besides the above, the Company also sold 718 tonnes, under deemed exports whose proceeds amounted to ₹ 404 lakhs.

The Company continues to enjoy "Star Export House" Status, awarded by the Government of India, Ministry of Commerce, Directorate General of Foreign Trade, in recognition of its export performance.

The Company repaid ₹ 628 lakhs of Interest Free Sales Tax Deferral Loan during the year and the balance outstanding as on March 31, 2017 was ₹ 2 235 lakhs.

During the year, the Company earned a Total Revenue from Operations (net of Excise Duty and Excise Cess) of ₹ 1 14 183 lakhs.

For the year 2016-17, the Profit before Interest, Depreciation, exceptional item and Tax was ₹ 22 174 lakhs, for the Company as a whole.

After absorbing interest and depreciation of ₹ 2 156 lakhs and ₹ 3 062 lakhs, respectively, the Profit before tax was ₹ 16 956 lakhs, as compared to ₹ 5 028 lakhs, in the previous year.

The Company achieved excellent financial results, both in Unit : Erode and Unit : Tirunelveli. Major factors that had contributed to improved financial performance during the year were :

- ◊ Higher production at Unit : Tirunelveli
- ◊ Higher Wood Pulp production at Unit : Erode that enabled replacement of costly imported pulp at Unit : Tirunelveli
- ◊ Improved Green Power generation at Unit : Erode that enabled reduced drawal of Grid Power and nil purchase of costly Power from third parties.
- ◊ Optimisation in Raw Material consumption.
- ◊ Moderation in prices of key inputs, viz., Wood, Coal and Furnace Oil.
- ◊ Favourable market conditions that enabled upward price revisions for end products.
- ◊ Lower Interest and Financing Charges due to repayment of Term Loans and utilization of lower amount of working capital limits.

For the year ended 31st March 2017, the tax liability under MAT works out to ₹ 3 590 lakhs. The tax liability under the normal method

works out to ₹ 2164 lakhs after fully setting off the carry forward unabsorbed depreciation and deduction under Section 80-IA of the Income tax Act, 1961. The excess of MAT tax liability over the tax liability under regular method, amounting to ₹1 426 lakhs is recognized as MAT Credit Entitlement. Consequently, the Company became liable for the net current tax liability of ₹ 2164 lakhs. Provision for taxation has been made in the books accordingly. The Company is entitled to carry forward ₹ 1426 lakhs as MAT Credit Entitlement and utilise the MAT tax paid in future when it becomes liable for tax under regular method.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of ₹ 1 907 lakhs has been transferred to Deferred Tax to the debit of the Profit and Loss Account.

In the result, Profit after tax for the year was ₹ 12 885 lakhs, as compared to ₹ 3 558 lakhs, in the previous year which is the highest profit recorded by the Company in its history.

(viii) Material developments in Human Resources / Industrial Relations front, including number of people employed

Relations between the Management and the labour were cordial throughout the year under review.

In Unit : Erode, a long term wage settlement for the period April 1, 2014 to March 31, 2019 was reached during the year with Staff Association with regard to payment of salary, bonus, production incentive and other benefits under Section 12(3) of the Industrial Disputes Act, 1947, before the Joint Commissioner of Labour, Coimbatore.Such an agreement was reached with Labour Unions in the previous year. In Unit: Tirunelveli, a long term agreement has already been reached with the Union covering the wages / salary and other benefits.

Currently, the Company employs 1 159 persons of all ranks in its two Units.

ANNEXURE - II

REPORT ON CORPORATE GOVERNANCE

The principles of Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are complied with in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalizing the code of Corporate Governance.

This Report is furnished in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Auditors' certificate on Corporate Governance, as prescribed, is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to Shareholders.

Company's philosophy on code of governance

Corporate Governance has several claimants, viz., Shareholders, and other stakeholders which include suppliers, customers, creditors, bankers, the employees of the Company, the Government and the Society at large. The three key aspects of Corporate Governance are accountability, transparency and equality of treatment for all stakeholders. The fundamental objective of Corporate Governance is the "enhancement of Shareholder value, keeping in view the interest of other stakeholders". In the above context, the Company's Philosophy on Corporate Governance is:

- ◊ To have systems in place which will allow sufficient freedom to the Board of Directors and Management to take decision towards the progress of the Company and to innovate while remaining within a framework of effective accountability.
- ◊ To provide transparent corporate disclosures and adopt high quality accounting practices.
- ◊ Timely and proper dissemination of material price sensitive information and ensure insiders do not transact in securities of the Company till such information is made public.
- ◊ To adopt good Corporate Governance policies that will contribute to the efficiency of the enterprise, creation of wealth for the Shareholders and country's economy.

Amendments to Corporate Governance provisions

The Companies Act, 2013 (the Act) provides for a major overhaul in the Corporate Governance norms for all companies. SEBI reviewed the provisions of Listing Agreement with the objective to align same with the Act, adopt best practices on Corporate Governance and to make the Corporate Governance framework more effective. After the introduction of simplified uniform Listing Agreement, SEBI, by its Notification dated 2nd September 2015 issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which came into force 02 09 2015.

The Company has taken effective steps to comply with the new prescriptions of the Act and move towards complying with the provisions of the above new Regulations.

A Board of Directors

(i) Board Composition

(a) The composition of the Board is devised in a manner to have optimal blend of expertise drawn from Industry, Management and Finance.

(b) All, except the Chairman, Managing Director and Deputy Managing Director and Secretary are Non-executive Directors and thus constitute more than one-half of the total number of Directors. The Company has

a woman Director. The Deputy Managing Director is additionally responsible to continue to discharge the functions of Secretary within the meaning of Section 203 of the Act.

(c) The Managing Director is not liable to retire by rotation. All the other Non-Independent Directors retire by rotation and in the normal course seek re-appointment at the Annual General Meeting. Brief resume of Directors seeking appointment / reappointment is given in the Notice of the Annual General Meeting (AGM).

(d) No Director holds membership of more than 10 Committees of Board nor is Chairman of more than 5 such Committees, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No Director is a relative of any other Director. The age of every Director, including Independent Director, is above 21.

The details are furnished hereunder:

Sl. No.	Name of the Directors	No. of Shares hold	Executive / Non Executive Director	Promoter / Independent Nominee Director
1	Sri N Gopalaratnam	9231	Chairman - Executive Director	Promoter Director
2	Sri Atulya Misra, IAS+$	Nil	Non Executive Director	Nominee of Tamil Nadu Government, Non Independent Director
3	Sri R V Gupta, IAS (Retd.)	Nil	Non Executive Director	Independent Director
4	Mr Md. Nasimuddin, IAS+$	Nil	Non Executive Director	Nominee of Tamilnadu Industrial Investment Corporation Limited Non Independent Director
5	Mr Md. Nasimuddin, IAS#	Nil	Non Executive Director	Nominee of Tamil Nadu Government, Non Independent Director
6	Dr Nanditha Krishna	Nil	Non Executive Director	Independent Director
7	Dr S Narayan, IAS (Retd.)	Nil	Non Executive Director	Independent Director
8	Sri A L Somayaji	Nil	Non Executive Director	Independent Director
9	Sri Satyabrata Sahoo, IAS#	Nil	Non Executive Director	Nominee of Tamilnadu Industrial Investment Corporation Limited, Non Independent Director
10	Mrs Supriya Sahu, IAS*	Nil	Non Executive Director	Nominee of Tamilnadu Industrial Investment Corporation Limited, Non Independent Director
11	Sri V Sridar	Nil	Non Executive Director	Independent Director
12	Sri K S Kasi Viswanathan	582	Managing Director Executive Director	Whole time Director - Non Independent Director
13	Sri V Pichai	8539	Deputy Managing Director & Secretary - Executive Director	Whole time Director - Non Independent Director

\+ Appointed as Directors on 04 11 2016

* Ceased to be a Director with effect from 04 11 2016.

\# Appointed as Director on 25 03 2017.

$ Ceased to be Directors with effect from 25 03 2017.

(ii) Independent Directors

(a) The Chairman is an Executive and falls under Promoter category. The number of Independent Directors is one-half of the total strength. Any reduction in the strength of Independent Directors is filled within 3 months or the next Board meeting, whichever is later, for ensuring minimum stipulated strength of Independent Directors in the Board.

(b) Independent Directors are appointed for a tenure of five years taking into account the transitory provisions under Section 149(11) of the Act. They would be eligible for one more term on passing of a Special Resolution by members. No Independent Director of the Company serves in more than seven listed companies as Independent Director.

(c) Independent Directors have been issued Letter of Appointment and the terms thereof have been posted on the Company's website www.spbltd.com.

(d) The Company has formulated a familiarization programme for Independent Directors with the objective of making them familiar with their role, responsibilities, rights and responsibilities, nature of the industry, business model and compliance management. The details of the programme have been uploaded on the Company's website www.spbltd.com.

(e) All the Independent Directors have given the declarations pursuant to Section 149(7) of the Act, affirming that they meet the criteria of independence as provided in Sub-section (6).

Attendance of each Director, at the Board Meetings held during the financial year 2016-17 and at the last Annual General Meeting, is furnished hereunder:

Sl. No.	Names of the Directors	Board Meetings		Last Annual General Meeting	
		Held	Attended	Attended	Non attended
1	Sri N Gopalaratnam	5	5	Yes	--
2	Sri Atulya Misra, IAS +$	5	1	--	Yes
3	Sri R V Gupta, IAS (Retd.)	5	5	Yes	--
4	Mr Md. Nasimudin, IAS +$	5	2	--	Yes
5	Mr Md. Nasimudin, IAS #	5	1	--	Yes
6	Dr Nanditha Krishna	5	5	Yes	--
7	Dr S Narayan, IAS (Retd.)	5	5	Yes	--
8	Sri A L Somayaji	5	5	Yes	--
9	Sri V Sridar	5	5	Yes	--
10	Sri Satyabrata Sahoo, IAS #	5	--	--	Yes
11	Mrs Supriya Sahu, IAS *	5	--	--	Yes
12	Sri K S Kasi Viswanathan	5	5	Yes	--
13	Sri V Pichai	5	5	Yes	--

\+ Appointed as Directors on 04 11 2016

* Ceased to be a Director with effect from 04 11 2016.

\# Appointed as Director on 25 03 2017.

$ Ceased to be Directors with effect from 25 03 2017.

Number of other Company Boards or Board Committees in which each of the Directors of the Company is a Member or Chairperson, as on March 31, 2017 :

Sl No.	Name of the Directors	Other Boards		Other Board Committees	
		Number	Member / Chairperson	Number	Member / Chairperson
1	Sri N Gopalaratnam	5 @	5 - Chairman	2	2 - Chairman
2	Sri R V Gupta, IAS (Retd.)	4	4 - Member	5	1 - Chairman 4 - Member
3	Mr Md. Nasimudin, IAS	6	1 - Chairman 5 - Member	--	--
4	Dr Nanditha Krishna	4 #	4 - Member	--	--
5	Dr S Narayan, IAS (Retd.)	5	5 - Member	2	2 - Member
6	Mrs Satyabrata Sahoo, IAS	1	1 - Member	--	--
7	Sri A L Somayaji	3 *	3 - Member	1	1 - Chairman
8	Sri V Sridar	10	10 - Member	10	5 - Chairman 5 - Member
9	Sri K S Kasi Viswanathan	--	--	--	--
10	Sri V Pichai	3 +	3 - Member	--	--

@ Includes 1 Private Limited Company.

* Includes 1 Private Limited Company.

\# Includes 3 Private Limited Companies.

\+ Includes 3 Private Limited Companies.

B Board Process

Board Meetings:

(i) Board Meetings

The Board meeting dates for the entire financial year are tentatively fixed before start of the year. An annual calendar of Board / Committee meetings is circulated to facilitate Directors plan their schedules for attending the meetings. Audit Committee and Board meetings are convened on two consecutive days to obviate avoidable travel and recognizing time constraints of Independent Directors.

Notice for Board meeting is issued normally three weeks in advance. Detailed Agenda papers are circulated one week in advance.

During the financial year 2016-17, five Board Meetings were held on May 28, 2016, July 23, 2016, November 04, 2016, February 04, 2017 and March 25, 2017. The Annual General Meeting was held on July 23, 2016. Interval between any two meetings was not more than 120 days. No Board Meeting was conducted through video conferencing or other audio visual means.

(ii) Board Proceedings

Board Meetings are governed by structured Agenda containing comprehensive information and extensive details that are circulated at least one week in advance. Urgent issues and procedural matters are at times tabled at the meeting with prior approval of Chairman and consent of all

present. Power point presentation is made to facilitate pointed attention and purposive deliberations at the meetings.

The Board periodically reviews compliance reports of all laws applicable to the Company and takes proactive steps to guard against slippages and take remedial measures as appropriate. The Board is apprised of risk assessment and minimization procedures that are periodically reviewed. The Board is committed to discharge all key functions and responsibilities as spelt out in the Companies Act, 2013, extant SEBI Regulations and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The governance process includes an effective post-meeting follow-up and reporting process for decisions taken pending approval of Board.

(iii) Board Minutes

Draft Board minutes prepared by the Company Secretary are placed at the meeting and updated for changes based on discussions thereat. After approval by Chairman, these are placed at the succeeding meeting for confirmation and record.

C Board Committees

(i) Audit Committee

The Board has constituted an Audit Committee comprising three Non Executive Independent Directors and the Chairman of the Board, with more than two-third being Independent. The Chairman of Audit Committee is an Independent Director and is present at the Annual General Meetings of the Company. It meets at regular intervals not exceeding 120 days between any two meetings and subject to a minimum of 4 meetings in a year. The Managing Director (CEO) and Deputy Managing Director & Secretary who is also the CFO are present as invitees while Statutory Auditors, Cost Auditor and the Internal Auditor are also present in most meetings. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee conforms to Section 177 of the Act and extant SEBI guidelines in all respects concerning its constitution, meetings, functioning, role and powers, mandatory review of required information, approved related party transactions and accounting treatment for major items. Appointments of Statutory Auditors, Cost Auditor, Secretarial Auditor and Internal Auditor are done on the recommendations of the Audit Committee.

During the year, the Audit Committee met five times on May 27, 2016, July 22, 2016, November 04, 2016, February 03, 2017 and March 24, 2017.

Its composition and attendance during 2016-17 is given hereunder :

Sl No.	Name of the Directors	Independent / Non Independent	Position	Audit Committee Meetings	
				Held	Attended
1	Sri R V Gupta, IAS (Retd.)	Independent Director	Chairman	5	5
2	Sri N Gopalaratnam	Non Independent Director	Member	5	5
3	Dr S Narayan, IAS (Retd.)	Independent Director	Member	5	5
4	Sri V Sridar	Independent Director	Member	5	5

Members of the Audit Committee have requisite financial and management expertise. They have held senior positions in Government / reputed organisations.

Sri R V Gupta, IAS (Retd.) is the Chairman of the Audit Committee.Sri V Pichai, Deputy Managing Director & Secretary acts as the Secretary to the Committee.

(ii) Nomination cum Remuneration Committee

The Company has a Nomination-cum-Remuneration Committee of the Board which currently consists of the following Independent Directors:

- ◊ Sri R V Gupta, IAS (Retd.)
- ◊ Dr S Narayan, IAS (Retd.) and
- ◊ Sri V Sridar.

The powers, role and terms of reference of the Committee cover the areas as contemplated under Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, besides other terms as may be referred by the Board of Directors. The role includes :

- ◊ Formulation of criteria for determining qualifications, positive attributes and independence of a Director.
- ◊ Recommending to the Board a remuneration policy for Directors, Key Managerial Personnel and senior management.
- ◊ Formulation of criteria for evaluation of Independent Directors and the Board.
- ◊ Devising a policy on Board diversity.
- ◊ Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee meets as per needs. It met once during the year on 25 03 2017.

(iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with SEBI regulations and listing requirements and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar and Transfer Agents and devises measures for overall improvement in the quality of investor services.

The Committee currently comprises of 3 Directors, out of which one is a Non-executive Independent Director who also heads the Committee. The Committee met five times during the year on May 27, 2016, July 22, 2016, November 04, 2016, February 03, 2017and March 24, 2017.

Its composition and attendance is given hereunder:

Name of the Director / Position	Independent / Non Independent	Committee Meetings	
		Held	Attended
Sri V Sridar, Chairman	Non-Executive, Independent Director	5	5
Sri N Gopalaratnam	Executive, Non-Independent Director	5	5
Sri V Pichai	Executive, Non-Independent Director	5	5

Status of investor complaints is shown in the Shareholder Information Section of this Report. The Secretary is the Compliance Officer.

(iv) Corporate Social Responsibility (CSR) Committee

The Company has constituted a Corporate Social Responsibility Committee, as mandated by Section 135 of the Act. It is in operation from March 2014 and met five times during the year. The members of the Committee are

Name of Member	Category	No. of Meetings	
		Held	Attended
Sri N Gopalaratnam, Chairman	Executive - Non Independent	5	5
Sri V Sridar	Non-Executive - Independent	5	5
Sri K S Kasi Viswanathan	Executive - Non Independent	5	5
Sri V Pichai	Executive - Non Independent	5	5

(v) Other Committees

The Board has constituted a Project Committee to facilitate quick response to clearance of proposals for expenditure on Mill Development Plan II - Phase-I for Unit : Erode and Mill Expansion Project for Unit : Tirunelveli. It meets as and when need arises to consider any matter assigned to it. Five meetings were held during the year.

(vi) Committee Minutes

Minutes of all the Committees of the Board are prepared by the Secretary of the Company and approved by the Chairman of the Meeting. These are placed at the succeeding Committee Meetings for confirmation and then circulated to the Board in the Agenda for being recorded thereat.

(vii) Circular Resolution

Recourse to Circular Resolution is made in exceptional and emergent cases that are recorded at the succeeding Board / Committee Meetings. During the year, no Circular Resolution was passed.

D Governance Process and Policies

(i) Policy on Directors' Appointment and Remuneration :

The Board, on the recommendations of the Nomination-cum-Remuneration Committee meeting held on 25th March 2015, has approved a Nomination and Remuneration Policy. It, inter alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration. This policy is accordingly derived from the said chapter.

1 Criteria for selection of Non Executive Directors :

(a) The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director.

(b) Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.

(c) In case of appointment of Independent Directors, the Committee will satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company, conforming in entirety to the conditions specified under Section 149 of the Companies Act, 2013, read with Schedule IV thereto and the Rules made thereunder and the Listing Agreement.

(d) The Committee will ensure that the candidate identified for appointment as a Director is not disqualified in any manner under Section 164 of the Companies Act, 2013.

(e) In the case of re-appointment of Non Independent Directors, the Board will take into consideration the performance evaluation of the Director and his engagement level.

2 Remuneration Policy

The Remuneration Policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with

competition, size of the Company, its nature of business and considered appropriate to the respective role and responsibilities of the employee concerned.

The Remuneration Policy seeks to ensure that performance is recognized and achievements rewarded. Remuneration package is transparent, fair and simple to administer, besides being legal and tax compliant.

The Policy recognizes the inherent constraint in relating remuneration to individual performance and fixing meaningful benchmark for variable pay due to the nature of the industry. Employee compensation is not allowed to get significantly impacted by external adversities that are admittedly beyond their realm of control.

3 Remuneration of Directors and Key Managerial Persons (KMP)

The Nomination-cum-Remuneration Committee recommends the remuneration of Directors and KMPs which is approved by the Board of Directors and where necessary, further approved by the Shareholders through Ordinary or Special Resolution, as applicable. Remuneration comprises of both fixed and variable pay. However, the share of variable pay is so devised as to factor in the volatile changes in profit levels inherent to the nature of industry in which the Company operates. Bearing this in mind, the remuneration package involves a balance between fixed and incentive pay, reflecting short and long term performance objective appropriate to the working of the Company and its goals.

The Chairman, Managing Director and Deputy Managing Director and Secretary are the only Executive Directors entitled for managerial remuneration. Sri N Gopalaratnam, Sri K S Kasi Viswanathan and Sri V Pichai have been re-appointed as Chairman, Managing Director and Deputy Managing Director and Secretary, respectively, for a further tenure of three years from 01 04 2017. Considering the inadequacy of profits for the year 2014-15, they were paid minimum remuneration, in accordance with the approval granted by the Members at the Annual General Meeting held on 29th July 2015. Their remuneration for the Financial Year 2016-17 is disclosed under Note No. 30(iii) of the Financial Statements. There is no service contract containing provisions of notice period or severance package.

No Director or his relative holds an office or place of profit in the Company. Other than direct or indirect equity holding, sitting fee and commission on net profits, there is no pecuniary relationship or transaction between the Company and its Non Executive Directors. No stock option has been issued by the Company to Executive Directors.

Remuneration to Non Whole-time Directors is paid, with the approval of the Board of Directors and Members of the Company in General Meeting.

Currently, the Non Whole-time Directors are paid the following remuneration:

- ◊ Commission, restricted to a maximum of 1% of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 2013, for all of them together.
- ◊ The above shall be shared amongst the Non Whole-time Directors equally.
- ◊ The above shall be subject to a further ceiling of ₹5 lakhs per financial year, for each Director.
- ◊ In case any Director has held the office of Director only for a part of the financial year, then the remuneration shall be paid only proportionately, in proportion to the period for which he was a Director during that financial year.

Besides the above, the Non Whole-time Directors are paid Sitting Fee for attending the Board / Committee Meetings of the Board of Directors, in accordance with the provisions of Articles of Association of the Company.

4 (i) Remuneration of Non Executive Directors for 2016-17

Sl No.	Name of the Non Whole time Director	Sitting Fee paid		Commission
		Board Meetings	Committee Meetings	payable for 2016-17
		₹ lakhs	₹ lakhs	₹ lakhs
1	Sri R V Gupta, IAS (Retd.)	1.10	1.20	3.00
2	Mr Md Nasimuddin, IAS	0.50# 0.25@	--	1.25@
3	Sri Atulya Misra. IAS	0.25@	--	--
3	Dr Nanditha Krishna	1.10	--	3.00
4	Dr S Narayan, IAS (Retd.)	1.10	1.20	3.00
5	Sri Satyabrata Sahoo, IAS	--	--	3.00#
6	Sri A L Somayaji	1.10	--	3.00
7	Sri V Sridar	1.10	4.05	3.00
	Total	**6.50**	**6.45**	**19.25**

Payable to The Tamilnadu Industrial Investment Corporation Limited

@ Payable to Government of Tamilnadu

(ii) Performance Evaluation

The Board of Directors, at their meeting held in March 2015, on the recommendations of the Nomination-cum-Remuneration Committee, approved the Board Evaluation Framework. It has laid down specific criteria for performance evaluation covering :

- ◊ Evaluation of Board Process
- ◊ Evaluation of Committees
- ◊ Individual evaluation of Board Members and the Chairperson
- ◊ Individual evaluation of Independent Directors.

Evaluation of all Board Members is done on an annual basis. Templates incorporating specific attributes are used and commonly agreed comments and remarks are recorded against each attribute.

The Independent Directors in their exclusive meeting held on 25th March 2017 did the evaluation on the performance of Chairperson, Non Independent Directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All, except one Independent Director, were present at this meeting.

The Board, at its meeting held on 25th March 2017, evaluated the performance of each of the four Committees and also the functioning of each of the Independent Directors (excluding the Independent Director being evaluated). The Board has recorded its overall satisfaction and decided in terms of Para VIII(2) of Schedule IV to the Companies Act, 2013 that Independent Directors be continued in their respective offices.

(iii) Insider Trading

The Company had framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code was applicable to all Directors and designated employees. It is hereby affirmed that all Directors and designated employees have complied with this Code during Financial Year 2016-17 and a confirmation to this effect has been obtained from them.

SEBI, in January 2015, has notified a new set of Regulations, namely, SEBI (Prohibition of Insider Trading) Regulations, 2015 that has come into force from 15th May 2015. In terms of these Regulations, the Board in March 2015 in supersession of the earlier Code formulated the :

(i) Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information; and

(ii) Minimum Standards for Code of Conduct to regulate, monitor and report Trading by Insiders.

These have been uploaded in the Company's website and Stock Exchanges advised of same.

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the company and the second trading day after the disclosure of such financial results.

The Company Secretary is designated as the Compliance Officer for this purpose. The Audit Committee monitors the adherence to various requirements as set out in the Code.

(iv) Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the Financial Year 2016-17.

Further, the Senior Management Personnel have declared to the Board that no material financial on commercial transactions were entered into by them during the Financial Year 2016-17 where they have personal interest that may have a potential conflict with the interest of the Company at large.

(v) Related Party Transactions

The Board has formulated a Policy on Related Party Transactions (RPTs). It has also fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material. This policy has been uploaded in the company's website.

All RPTs during the Financial Year 2016-17 were on an arms-length basis and were in the ordinary course of business. They have been disclosed in deference to Accounting Standard 18 in Note No. 30 of the financial statements. None of these transactions are likely to have a conflict with the Company's interest.

All RPTs have the approval of Audit Committee. Prior omnibus approval of the Audit Committee is obtained for the transactions that are non material and repetitive in nature.

There was no material RPT during the Financial Year 2016-17.

None of the Directors has any pecuniary relationships or transactions other than the remuneration duly disclosed vis-à-vis the Company.

(vi) Risk Management

The Company has a risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimize 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.

Key areas of risks identified and mitigation plans are covered in the Management Discussion and Analysis Report. The Company is not currently required to constitute a Risk Management Committee.

(vii) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a vigil mechanism overseen by the Audit Committee. This has been uploaded in the Company's website.

No complaint under this facility was received in the Financial Year 2016-17.

(viii) Anti-Sexual Harassment Policy

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received on sexual harassment. All employees (permanent, contractual, temporary, trainees, etc.) are covered under this Policy.

No complaint on sexual harassment was received during the Financial Year 2016-17.

E Other Compliances

(i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is attached to the Board's Report forming part of the Annual Report of the Company.

(ii) Quarterly Financial Results

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These are communicated to Stock Exchanges by e-mail after the conclusion of the Board Meeting and published in leading dailies, as required, within the stipulated time. These are also immediately posted on the Company's website. The financial results are also circulated to all the shareholders by post.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during 2016-17 the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days from the close of each quarter.

(iv) Online filing

NEAPS

Quarterly reports to National Stock Exchange are filed through NSE Electronic Application Processing System (NEAPS) and to Bombay Stock Exchange through BSE Listing Centre.

SCORES

SEBI requires all listed companies to process investor complaints in a centralized web based complaint system called 'SEBI Complaints Redress System (SCORES). All complaints received from Shareholders of listed companies are posted in this system. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were no complaints on our Company posted at SCORES site.

(v) Reconciliation of Share Capital Audit

Quarterly Reconciliation of Share Capital Audit Reports, on reconciliation of the total admitted capital with NSDL / CDSL and the total issued and listed capital, were furnished to the Stock Exchanges on the following dates:

For the Quarter ended	Furnished on
30 06 2016	13 07 2016
30 09 2016	15 10 2016
31 12 2016	20 01 2017
31 03 2017	21 04 2017

(vi) Accounting treatment

In the preparation of financial statements, no accounting treatment different from that prescribed in any Accounting Standard has been followed.

(vii) Cost Audit

Cost Audit was applicable to our Company for the Financial Year 2016-17.

(viii) 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 M/s B K Sundaram & Associates, Practicing Company Secretaries (C P No. 2209), to undertake the Secretarial Audit of the Company for the Financial Year 2016-17. The Secretarial Audit Report was placed before the Board on 30th May 2017 and the same is annexed.

There are no qualifications in the Secretarial Audit Report.

(ix) Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed M/s R Subramanian & Company, Chartered Accountants (Firm Regn. No. 004137S), Chennai, to conduct Internal Audit of the functions and activities of the Company for the Financial Year 2016-17. The Internal Auditor reports directly to the Chairman and attends all Audit Committee Meetings to provide clarifications, if any, that may be required by Directors.

(x) CEO / CFO Certification

CEO certification by Sri K S Kasi Viswanathan, Managing Director and CFO certification by Sri V Pichai, Deputy Managing Director and Secretary who is also the Chief Financial Officer, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were placed before the Board at its meeting on 30th May 2017.

(xi) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2017 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditors' Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance, in deference to Para E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is annexed. Copy of the Certificate is furnished to the Stock Exchanges, as required.

(xiii) Subsidiary Companies

M/s Esvi International (Engineers & Exporters) Limited (Esvin) is a wholly owned subsidiary of the Company.

(xiv) Deposits

The Company has not accepted deposits from the public and there are no outstanding dues in respect thereof.

(xv) Peer Review of Auditors

As per the Listing Agreement, the Limited Review / Audit Reports shall be given only by an Auditor who has subjected himself to the Peer Review process and holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Statutory Auditors of the Company, M/s Suri & Co., M/s S Viswanathan LLP and M/s Maharaj N R Suresh and Co., have undergone the Peer Review process and have been issued requisite Certificate that were placed before the Audit Committee.

F Compliance with non-mandatory requirements

(i) Shareholders' Rights

Quarterly Un-audited Financial Results on the Company's financial performance are sent to all shareholders to their registered address. These are also posted on the Company's Website and advertised in newspapers and soft copy of same emailed to shareholders whose e-mail IDs are available with the Company. Shareholders who have not furnished their e-mail IDs are advised to furnish the same to investor@spbltd.com

(ii) Abridged Accounts

Section 136(1) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 permits circulation of abridged Accounts in lieu of full-fledged Annual Report. The Company has, however, not exercised this option and continues to send Annual Report in full form to all Shareholders.

(iii) Green Initiative

The Company has sought Shareholders' cooperation to fall in line with the Green Initiatives of the Central Government by way of sending communications in e-mode.

(iv) Audit Qualifications

The Company continues to remain in the regime of unqualified financial statements.

SEBI, vide its Circular dated 13th August 2012, has evolved a system to monitor audit qualification covered in Auditor's Report. Accordingly, listed companies, while submitting Annual Report under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are required to submit Form A in case of Unqualified Auditor's Report and Form B in case of Qualified / Subject to / Except for Audit Report. Stock Exchanges will initiate further steps, as specified in the Circular, in case of companies where Form B has been filed. Our Company will comply with this SEBI Circular while filing the Annual Reports for the Financial Year ended 31st March 2017.

G Disclosures

(i) No strictures / penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.

(ii) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the Company's operations in future.

(iii) No loan or advance in the nature of loan was made during or outstanding at the close of the year to Associates or Firms / Companies in which a Director of the company is interested. Accordingly, no disclosure in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015on this score is applicable.

H Means of Communication

Board Meeting / Financial Results

The Company publishes Notice of Board Meeting to consider financial results in 'Business Standard' in English and 'Maalaimalar' in Tamil and the financial results in 'Business Standard' in English and 'Dinamalar' in Tamil.

The results published also show as footnote relevant additional information and / or disclosures to the investors. Financial results are :

(a) e-mailed to Stock Exchanges immediately after the conclusion of the Board meeting. A confirmation copy is sent by post.

(b) posted on the Company's website www.spbltd.com and

(c) sent to all Shareholders by post

No presentation was made during the year to Institutional Investors or Analysts. The Company has no agreement with any media company for public dissemination of its corporate information.

Chairman's Communique

Printed copy of the Chairman's Speech, both in English as well as in Tamil, is distributed to all the Shareholders at the Annual General Meetings. The same is also placed on the website of the Company and sent to Stock Exchanges.

Website

The Company maintains a functional website www.spbltd.com that contains relevant information updated in time and complies with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the directions of SEBI, the Company has created an exclusive e-mail ID, viz., investor@spbltd.com for redressal of investor grievances.

General Shareholder information

(i) Details for Fifty Seventh Annual General Meeting

Date and time	:	Saturday, the 29th July 2017 at 11.00 AM
Venue	:	"Community Centre", SPB Colony Erode 638 010, Tamilnadu
Financial Year	:	2016-17
Book closure dates	:	Thursday, the 20th July 2017 to Saturday, the 29th July 2017 (both days inclusive).
Dividend	:	₹ 10 (₹ Ten) per Equity Share (Proposed)
Dividend payment date	:	31st July 2017

(ii) Particulars of past three Annual General Meetings

AGM / Year	Venue	Date & Time	Special Resolutions passed
54th 2013-14	"Community Centre" SPB Colony Erode 638 010 Tamilnadu	25 07 2014 10.15 AM	1 Borrowing Powers 2 Mortgage of Assets
55th 2014-15	"Community Centre" SPB Colony Erode 638 010 Tamilnadu	01 08 2015 11.00 AM	Nil
56th 2015-16	"Community Centre" SPB Colony Erode 638 010 Tamilnadu	23 07 2016 11.00 AM	Nil

No Extraordinary General Meeting was convened during the year.

(iii) Postal Ballot

No Special Resolution was required to be passed by Postal Ballot at the last Annual General Meeting. The Company extended e-Voting option to all Shareholders for the 56th Annual General Meeting, pursuant to Section 110 of the Companies Act, 2013 and Resolutions were passed on that basis.

(iv) Financial Calender for 2017-18 (tentative)

May 2017 :

Audited results for 2016-17

July 2017 :

Annual General Meeting and

First Quarter Results for 2017-18

October 2017 :

Second Quarter Results for 2017-18

February 2018 :

Third Quarter Results for 2017-18

March 2018

Review of performance

May 2018 :

Audited Results for 2017-18

July 2018 :

Annual General Meeting and First Quarter Results for 2018-19.

(v) Listing on Stock Exchanges :

(a) BSE Limited

Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Ph: (91)(22)2272 1233 - 1234 (General)
Website: www.bseindia.com
E-mail: corp.relations@bseindia.com
Fax: (91)(22)2272 2041 / 2272 3121

(b) National Stock Exchange of India Limited

"Exchange Plaza"
Bandra - Kurla Complex
Bandra (East), Mumbai 400 051
Ph: (91)(22)2659 8235 - 8236
Website: www.nseindia.com
E-mail: cmlist@nse.co.in
Fax: (91)(22)2659 8237 / 2659 8238

(vi) Payment of Annual Listing Fees to the Stock Exchanges :

Listing Fee has been paid to the above two Stock Exchanges, in which the Company's Equity Shares are listed, upto March 31, 2018.

(vii) Stock Codes :

Under Demat System, the ISIN allotted to the Company's Equity Shares is **INE630A01016.**

The Company's Stock Codes are **SESHAPAPER** in the National Stock Exchange and **502450** in the BSE Limited.

(viii) Dematerialisation of shares and liquidity :

As on March 31, 2017, 6 346 Shareholders are holding Shares in Demat form and 96 68 273 shares have been dematerialised, representing 76.65% of the total Equity Share Capital.

Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system.

(ix) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity :

NIL

(x) Permanent Account Number (PAN) Requirement :

SEBI, vide its Circular dated 27th April 2007, made PAN as the sole identification number for all participants transacting in the securities market irrespective of the amount of such transaction.

SEBI, by its Circular dated 20th May 2009, made it mandatory to furnish a copy of PAN Card of the transferee to the Company / RTA for registration of transfer of shares of listed companies in physical form and off market / private transactions.

SEBI, by its SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made it mandatory to furnish a copy of PAN Card of the transferee to the Company / RTA for registration of transfer

of shares of listed companies in physical form and off market / private transactions.

SEBI, vide its Circular dated 27th January 2010, has made it mandatory to furnish a copy of PAN for transmission and transposition of shares.

Investors are advised to take note of same.

(xi) Registrar and Transfer Agents, both for shares held in physical form and in electronic mode :

Integrated Registry Management Services Private Limited
'Kences Towers', II Floor
No.1, Ramakrishna Street
North Usman Road, T Nagar
Chennai 600 017
Ph: (91)(44) 2814 0801 - 803
Fax: (91)(44) 2814 2479
E-mail: corpserv@integratedindia.in

(xii) Share Transfer System :

Share transfers are registered and returned within the statutory time limit, if the documents are clear in all respects.

The Stakeholders Relationship Committee of the Board of Directors meets once in three months. To quicken the process of transfer of shares, the Deputy Managing Director & Secretary has been delegated with the powers to approve transfers, if the documents are in order.

(xiii) Unclaimed Dividend :

Pursuant to Section 124(5) of the Companies Act 2013, dividend remaining unpaid or unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Reminders for unpaid dividend are sent to the Shareholders as per records every year.

Pursuant to above, the Unpaid / Unclaimed Dividend for the Financial Year 2008-09 was transferred on 12 08 2016 pertaining to 2815 investors and aggregating ₹ 7.30 lakhs.

The Unpaid / Unclaimed amount for the Financial Year 2009-10 will be transferred during August 2017. Shareholders are, therefore, advised to contact the Company immediately in case of non-receipt or non-encashment of Dividend.

(xiv) Investor Education and Protection Fund (IEPF) :

Upon Section 124(5) and (6) of the Companies Act, 2013 coming into force, companies while transferring the unpaid dividend will also have to transfer the underlying equity shares, only if the dividend is not paid / claimed during the said period of 7 years. Shareholders may take specific note of same.

Particulars of unclaimed dividend as on 31 03 2017 :

Year	Dividend (₹ per share)	Date	Unclaimed		Due date for transfer to IEPF
			No. of warrants	₹ lakhs	
2009-10	6	28 07 2010	2843	12.68	21 08 2017
2010-11	5	27 07 2011	2987	10.95	20 08 2018
2011-12	5	30 07 2012	3218	11.88	26 08 2019
2012-13	4	29 07 2013	3404	9.88	24 08 2020
2013-14	4	26 07 2014	3516	10.45	22 08 2021
2014-15	4	03 08 2015	3664	11.03	29 08 2022
2015-16	5	25 07 2016	3797	15.42	21 08 2023

MCA, by Notification G.S.R. 352 (E), dated 10 05 2012, has stipulated publication of details of unclaimed / unpaid dividend in the company website and MCA website. This is to facilitate investors track unclaimed dividend by checking the status online and real time. Our Company has already uploaded the requisite details that will get updated every year within 90 days of Annual General Meeting.

By General Circular No. 03/2017, dated 27 04 2017, the Government of India Ministry of Corporate Affairs notified the operational procedure with regard to transfer of Shares in respect of which Dividend remained unclaimed / unpaid for a period of more than seven years from the date on which they became due for payment. However, by General Circular No. 05/2017, dated 16 05 2017, Government of India, Ministry of Corporate Affairs has informed all Stakeholders that the subject matter of Circular No. 03/2017, dated 27 04 2017, is being reviewed by the Ministry and hence, the said Circular stands withdrawn with immediate effect. Fresh instructions on the matter will be issued in due course of time.

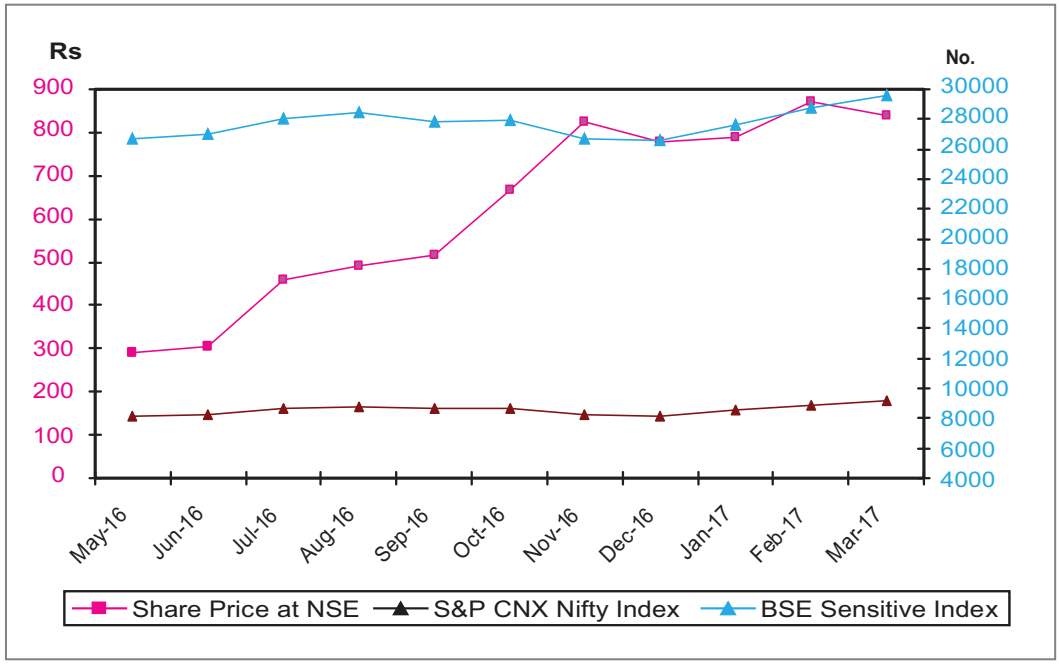
(xiv) Market Price Data

High, low and volume during each month in the financial year 2016-17 (reported at the National Stock Exchange of India Limited and BSE Limited).

Month	BSE				National Stock Exchange			
	Share Price		Volume		Share Price		Volume	
	High ₹	Low ₹	No. of Shares	Value (₹ lakhs)	High ₹	Low ₹	No. of Shares	Value (₹ lakhs)
2016								
April	252.00	228.20	4258	10.25	255.00	227.00	11742	28.29
May	287.75	228.00	26674	69.58	289.80	226.20	71051	191.32
June	305.00	253.00	21304	60.24	304.00	247.25	67961	191.31
July	456.95	270.00	141493	576.37	460.10	278.10	505098	2104.87
August	490.00	381.50	50117	218.80	489.90	375.00	202272	868.58
September	511.75	445.00	21445	103.93	517.00	430.80	184336	898.60
October	666.90	480.00	121242	727.79	667.00	490.05	614393	3686.97
November	840.00	545.00	224246	1638.05	825.00	561.00	1127284	8283.14
December	773.95	660.00	31621	226.98	779.65	657.75	172280	1238.66
2017								
January	785.00	685.00	35688	267.83	787.80	683.10	222944	1664.14
February	880.00	716.10	58003	466.71	870.00	716.85	294399	2359.01
March	834.80	741.05	46666	369.76	839.95	741.50	181486	1436.51

(xv) **Performance, in comparison to broad-based indices, such as, BSE Sensex, CRISIL Index, Nifty, etc.** :

Please see the enclosed Chart for comparison of the Price movement of the Company's Shares with BSE Sensex and Nifty Index movement



(xvi) Distribution of shareholding as on March 31, 2017 :

Distribution	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 - 100	9 934	76.42	4 19 411	3.33
101 - 200	1 614	12.42	2 45 737	1.95
201 - 500	934	7.18	3 01 784	2.39
501 - 1000	266	2.05	1 97 211	1.56
1001 - 5000	176	1.35	3 89 053	3.08
5001 - 10000	35	0.27	2 50 670	1.99
10001 and above	40	0.31	10 80 9762	85.70
Total	**12 999**	**100.00**	**1 26 13 628**	**100.00**

(xvii) Pattern of shareholding as on March 31, 2017 :

Category	No. of Shareholders	Voting strength %	No. of Shares held
Individuals	12 542	20.38	25 70 113
Companies	289	40.71	51 34 906
FIIs, NRIs, OCBs	144	20.91	26 37 156
Mutual Funds, Insurance Companies and Banks	17	0.03	4 068
FIs	7	17.97	22 67 385
Total	**12 999**	**100.00**	**1 26 13 628**

(xviii) Top 10 Shareholders of the Company as on March 31, 2017 :

Sl No.	Names	No. of Shares	%
1	The Tamilnadu Industrial Investment Corporation Limited	18 00 000	14.27
2	Ponni Sugars (Erode) Ltd	17 68 181	14.02
3	Synergy Investments Pte Ltd	15 47 695	12.27
4	Time Square Investments Private Ltd	12 57 621	9.97
5	Atyant Capital Management Ltd	6 76 628	5.36
6	Dhanashree Investments Private Limited	5 90 258	4.68
7	Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust	5 68 181	4.51
8	Coromandel Sugars Limited	4 74 463	3.76
9	Life Insurance Corporation of India	4 65 576	3.69
10	Pushpa Devi Saraogi	2 24 999	1.78
	Total	**93 73 602**	**74.31**

(xix) Plant Locations :

Unit : Erode
Pallipalayam
Namakkal District
Cauvery RS PO
Erode
638 007
Tamilnadu

Unit : Tirunelveli
Elanthaikulam
Singamparai Post
Mukkudal (via)
627 601
Tirunelveli District
Tamilnadu

(xx) Address for correspondence :

Seshasayee Paper and Boards Limited
Pallipalayam, Namakkal District,
Cauvery RS PO
Erode 638 007,
Tamilnadu

CIN : L21012TZ1960PLC000364
Ph : (91)(4288)240 221 - 228
Fax : (91)(4288)240 229
Email : edoff@spbltd.com
investor@spbltd.com
Website : www.spbltd.com

SURI & CO.,
CHARTERED ACCOUNTANTS

M/s S VISWANATHAN LLP
CHARTERED ACCOUNTANTS

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

CERTIFICATE OF THE AUDITORS TO THE SHAREHOLDERS OF M/s SESHASAYEE PAPER AND BOARDS LIMITED ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s Seshasayee Paper and Boards Limited, for the year ended on March 31, 2017, as stipulated in Regulations 34(3), 55(f) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations hereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for period exceeding one month against the Company, as per the records maintained by the Shareholders / Investors Grievance Committee.

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

Suri & Co.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

S Viswanathan LLP
Regn. No. 004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2017

ANNEXURE - III

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 03 2017

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

I. REGISTRATION AND OTHER DETAILS :

(i)	CIN	:	L21012TZ1960PLC000364
(ii)	Registration Date	:	22 06 1960
(iii)	Name of the Company	:	Seshasayee Paper and Boards Limited
(iv)	Category / Sub-Category of the Company	:	Non Government Company Limited by Shares
(v)	Address of the Registered office and contact details	:	Sri V Pichai Deputy Managing Director & Secretary Seshasayee Paper and Boards Limited Pallipalayam, Cauvery RS PO Erode 638 007, Namakkal District
(vi)	Whether listed Company	:	Yes
(vii)	Name, address and Contact details of Registrar and Transfer Agent, if any	:	Sri K Suresh Babu Director M/s Integrated Registry Management Services Private Ltd. Kences Towers, II Floor No.1 Ramakrishna Street North Usman Road, T Nagar Chennai 600 017

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

Sl.No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Writing & Printing Paper	1701	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	M/s Esvi International (Engineers & Exporters) Limited Esvin House Old Mahabalipuram Road Perungudi Chennai 600 096	U51909TN1978PTC007495	Subsidiary	100	2(87) of Companies Act, 2013
2	M/s Ponni Sugars (Erode) Limited Esvin House Old Mahabalipuram Road Perungudi Chennai 600 096	L15422TN1996PLC037200	Associate	27.45	2(6) of Companies Act, 2013

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) :

(i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Shareholding of Promoter and Promoter Group									
(1) Indian									
(a) Individual / HUF	18352	0	18352	0.15	18352	0	18352	0.15	0.00
(b) Central / State Government	--	--	--	--	--	--	--	--	--
(c) Bodies Corporate	3913957	0	3913957	31.03	3813957	0	3813957	30.23	-0.80
(d) Banks / FI	--	--	--	--	--	--	--	--	--
(e) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (A) (1)	**3932309**	**0**	**3932309**	**31.18**	**3832309**	**0**	**3832309**	**30.38**	**-0.80**
(2) Foreign									
(a) NRIs-Individuals	--	--	--	--	--	--	--	--	--
(b) Bodies Corporate	1547695	0	1547695	12.27	1547695	0	1547695	12.27	0.00
(c) Institutions	--	--	--	--	--	--	--	--	--
(d) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(e) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (A) (2)	**1547695**	**0**	**1547695**	**12.27**	**1547695**	**0**	**1547695**	**12.27**	**0.00**
Total Shareholding of Promoter & Promoter Group(A)=(A)(1)+(A)(2)	**5480004**	**0**	**5480004**	**43.45**	**5380004**	**0**	**5380004**	**42.65**	**-0.80**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds / UTI	0	1000	1000	0.01	0	1000	1000	0.01	0.00
(b) Banks / FI	150	3418	3568	0.03	1459	3418	4877	0.04	0.01
(c) Central / State Government	0	1800000	1800000	14.27	0	1800000	1800000	14.27	0.00
(d) Venture Capital Funds	--	--	--	--	--	--	--	--	--
(e) Insurance Companies	515576	0	515576	4.08	465576	0	465576	3.69	-0.39
(f) Foreign Institutional Investors	264472	100	264572	2.10	0	100	100	0.00	-2.10
(g) Foreign Venture Capital Investors	--	--	--	--	--	--	--	--	--
(h) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(i) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (B) (1)	**780198**	**1804518**	**2584716**	**20.49**	**467035**	**1804518**	**2271553**	**18.01**	**-2.48**

(i) Category-wise shareholding (contd.)

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non Institutions									
(a) Bodies Corporate (Indian)	622766	25625	648391	5.14	710394	24350	734744	5.83	0.69
(b) Individuals (Resident / NRI / Foreign National)	--	--	--	--	--	--	--	--	--
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	939177	553575	1492752	11.83	1082284	528800	1611084	12.77	0.94
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1087821	19506	1107327	8.78	999963	19506	1019469	8.08	-0.70
(c) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(d) Any other (specify)	--	--	--	--	--	--	--	--	--
Clearing Member	732257	568181	1300438	10.31	1028593	568181	1596774	12.66	2.35
Sub-Total (B) (2)	**3382021**	**1166887**	**4548908**	**36.06**	**3821234**	**1140837**	**4962071**	**39.34**	**3.28**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**4162219**	**2971405**	**7133624**	**56.55**	**4288269**	**2945355**	**7233624**	**57.35**	**0.80**
(c) Share held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	**9642223**	**2971405**	**12613628**	**100.00**	**9668273**	**2945355**	**12613628**	**100.00**	**0.00**

(ii) Shareholding of Promoters :

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Dhanashree Investments Private Limited	590258	4.68	0	590258	4.68	0	0.00
2	High Energy Batteries (India) Limited	10329	0.08	0	10329	0.08	0	0.00
3	SPB Projects and Consultancy Limited	2272	0.02	0	2272	0.02	0	0.00
4	Time Square Investments Private Limited	1357621	10.76	0	1257621	9.97	0	0.80
5	Ultra Investments and Leasing Co.Pvt Ltd	185296	1.47	0	185296	1.47	0	0.00
6	Ponni Sugars (Erode) Limited	1768181	14.02	0	1768181	14.02	0	0.00
7	Synergy Investments Pte Limited	1547695	12.27	0	1547695	12.27	0	0.00
8	N Gopalaratnam	9231	0.07	0	9231	0.07	0	0.00
9	K S Kasi Viswanathan	582	0.00	0	582	0.00	0	0.00
10	V Pichai	8539	0.07	0	8539	0.07	0	0.00
	Total	**5480004**	**43.45**	**0**	**5380004**	**42.65**	**0**	**0.80**

(iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sl.No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Time Square Investments Private Limited				
	At the Beginning of the year 01 04 2016	1357621	10.76		
	Date wise increase / decrease in Promoter Shareholding during the year				
	Sale 23 09 2016	(-) 53588	0.43	1304033	10.34
	Sale 07 10 2016	(-) 46412	0.37	1257621	9.97
	Closing Balance as on 31 03 2017			**1257621**	**9.97**

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl.No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**The Tamilnadu Industrial Investment Corporation Limited**				
	At the Beginning of the year 01 04 2016	1800000	14.27		
	At the end of the year 31 03 2017			1800000	14.27
2	**Atyant Capital India Fund I**				
	At the Beginning of the year 01 04 2016	676628	5.36		
	At the end of the year 31 03 2017			676628	5.36
3	**Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust**				
	At the Beginning of the year 01 04 2016	568181	4.50		
	At the end of the year 31 03 2017			568181	4.50

Sl.No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	**Life Insurance Corporation of India**				
	At the Beginning of the year 01 04 2016	515576	4.08		
	Sale 14 10 2016	(-) 10500	0.08	505076	4.00
	Sale 21 10 2016	(-) 19039	0.15	486037	3.85
	Sale 28 10 2016	(-) 6484	0.05	479553	3.80
	Sale 04 11 2016	(-) 13977	0.11	465576	3.69
	At the end of the year 31 03 2017			465576	3.69
5	**Coromandel Sugars Limited**				
	At the Beginning of the year 01 04 2016	474463	3.76		
	At the end of the year 31 03 2017			474463	3.76
6	**Mrs Pushpa Devi Saraogi**				
	At the Beginning of the year 01 04 2016	224999	1.78		
	At the end of the year 31 03 2017			224999	1.78
7	**Mrs Usha Devi Saraogi**				
	At the Beginning of the year 01 04 2016	224990	1.78		
	At the end of the year 31 03 2017			224990	1.78
8	**GHI LTP Limited**				
	At the Beginning of the year 01 04 2016	159472	1.26		
	At the end of the year 31 03 2017			159472	1.26
9	**Sri Vinod Kumar Saraogi**				
	At the Beginning of the year 01 04 2016	97500	0.77		
	At the end of the year 31 03 2017			97500	0.77
10	**Sri Prakash Kumar Saraogi**				
	At the Beginning of the year 01 04 2016	97500	0.77		
	At the end of the year 31 03 2017			97500	0.77

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

Sl.No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Sri N Gopalaratnam**				
	At the Beginning of the year 01 04 2016	9231	0.07		
	At the end of the year 31 03 2017			9231	0.07
2	**Sri K S Kasi Viswanathan**				
	At the Beginning of the year 01 04 2016	582	0.00		
	At the end of the year 31 03 2017			582	0.00
3	**Sri V Pichai**				
	At the Beginning of the year 01 04 2016	8539	0.07		
	At the end of the year 31 03 2017			8539	0.07

V. INDEBTENDNESS :

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

	Secured Loans excluding deposits (₹ lakhs)	Unsecured Loans (₹ lakhs)	Deposits (₹ lakhs)	Total Indebtedness (₹ lakhs)
Indebtedness at the beginning of the financial year				
(i) Principal Amount	17533.00	2863.43	--	20396.43
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	42.85	--	--	42.85
Total (i)+(ii)+(iii)	**17575.85**	**2863.43**	**--**	**20439.28**
Change in Indebtedness during the financial year				
Addition	3000.00	--	--	3000.00
Reduction	5091.75	628.37	--	5720.12
Net Change	**–2091.75**	**-628.37**	**--**	**-2720.12**
Indebtedness at the end of the financial year				
(i) Principal Amount	15441.25	2235.06	--	17676.31
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	30.93	--	--	30.93
Total (i)+(ii)+(iii)	**15472.18**	**2235.06**	**--**	**17707.24**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

A Remuneration to Managing Director, Whole-time Directors and / or Manager :

Sl. No	Particulars of Remuneration	Name of MD / WTD/ Manager			Total Amount
		Sri N Gopalaratnam Chairman	Sri K S Kasi Viswanathan MD	Sri V Pichai Deputy MD & Secretary	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4200000	3600000	3600000	11400000
	(b) Value of perquisites under Section 17(2) of the Income-tax Act,1961	10000	387703	505319	903022
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act,1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission	4200000	3600000	3600000	11400000
	- as % of profit				
	- others, specify				
5	Others, please specify				
	(i) Provident Fund	504000	432000	432000	1368000
	(ii) Superannuation Fund	630000	540000	540000	1710000
	(iii) Gratuity Premium	226974	175417	190598	592989
	Total (A)	9770974	8735120	8867917	27374011
	Ceiling as per the Act				172489011

B Remuneration to other Directors :

Sl. No	Particulars of Remuneration	Fee for attending Board / Committee Meeting	Commission	Others, Please specify	Total Amount
1	Independent Directors				
	Sri R V Gupta	230000	300000	--	530000
	Dr S Narayan	230000	300000	--	530000
	Sri V Sridar	515000	300000	--	815000
	Sri A L Somayaji	110000	300000	--	410000
	Dr Nanditha Krishna	110000	300000	--	410000
2	Other Non-Executive Directors				
	Sri Atulya Misra, IAS	25000#	--	--	25000
	Mr Md. Nasimuddin, IAS	50000* 25000#	125000#	--	200000
	Sri Satyabrata Sahoo, IAS	--	300000*	--	300000
	Total (B)	1295000	1925000	--	3220000
	Total managerial Remuneration (A+B)				30594011
	Overall ceiling as per Act				189737912

\# Payable to Government of Tamilnadu

* Payable to The Tamilnadu Industrial Investment Corporation Limited.

C Remuneration to Key Managerial Personnel other than MD / Manager / WTD : NIL

Sl. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total Amount
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites under section 17(2) of the Income-tax Act,1961				
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act,1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify				
5	Others, please specify				
	Total (A)				
	Ceiling as per the Act				

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made if any (give details)
A COMPANY					
Penalty					
Punishment					
Compounding					
B DIRECTORS					
Penalty					
Punishment					
Compounding					
C OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE - IV

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.

(i) Control :

Esvi International (Engineers & Exporters) Limited

SPB Equity Shares Trust

(ii) Presumption of significant influence :

Ponni Sugars (Erode) Limited

SPB Projects and Consultancy Limited

Time Square Investments Private Limited

Dhanshree Investments Private Limited

Ultra Investments and Leasing Company Private Limited

(iii) Key Managerial Personnel :

Sri N Gopalaratnam, Chairman

Sri K S Kasi Viswanathan, Managing Director

Sri V Pichai, Deputy Managing Director & Secretary

(b) Nature of contracts / arrangements / transactions :

Details of transactions with the above related parties are provided in Note No. 30 to the Accounts for the Financial year 2016-17.

It may be seen therefrom that the total value of transactions with all related parties are less than 10% of the total income for the Financial Year 2016-17 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

(c) Amount paid as advances, if any.

NIL

Annexure - V

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. CONSERVATION OF ENERGY

i) Steps taken / impact on conservation of energy:

Unit : Erode

- ◊ Power consumption reduction in Chemical Recovery Boiler- Energy efficient Boiler Feed Pump with low DP Control Valve.
- ◊ Sootblower system steam optimisation with increased firing in Chemical Recovery Boiler.
- ◊ Baggase pulping station - Steam and Power consumption reduction through energy conservation schemes in DO-EOP-D1 & DO Chute modification.
- ◊ Steam reduction through modification of MF-2 steam line modification along with strengthening of insulation.
- ◊ Steam reduction through installation of Black Liquor - White Liquor Spiral Heat Exchanger in RDH station.
- ◊ Diversion of EOP Heat Exchanger outlet water effecting steam reduction.
- ◊ LED lighting in select areas of Admin Block and PM 1-4 station.
- ◊ Solar lighting in Project Office.

Unit : Tirunelveli

- ◊ Power consumption reduction with VFD for ID Fan of Boiler.
- ◊ Process EOT Crane equipped with 4 Quadrant VFD – generating power during Hoist down function.

Impact of the above measures :

Reduction in energy consumption and consequent savings in the cost of production.

ii) Steps taken for utilising alternate sources of energy:

Unit : Erode

- ◊ Chemical Recovery Cogeneration unit is working on 100% Green fuel viz., Black liquor solids generated in the process of manufacture of pulp.
- ◊ Solar lighting schemes in place.

(iii) Capital investment on energy conservation equipment:

Unit : Erode

- ◊ High Energy efficiency Boiler Feed Pump with low DP Control Valve for effecting further reduction in Power consumption.
- ◊ Air Compressors - Replacement with energy efficient plants integrated with Waste Heat Recovery units for effecting gains in Steam and Power.
- ◊ Advanced Sootblowing system optimisation for effecting HP steam consumption reduction in Chemical Recovery Boiler.
- ◊ Power consumption reduction through energy conservation schemes in Vacuum Pumps, Fan Pumps and Refiners in Paper Machines 1-5 and SCAPH in CRB.
- ◊ Main Steam temperature control through replacement of Spray Attemperator Valves with higher leakage class in Chemical Recovery Boiler for increased Green Power generation.

Unit : Tirunelveli

- ◊ Power reduction through installation of VFD for Boiler Feed Pump.
- ◊ VFDs planned in Refiner Pulp Feed Pump, Pulp Flow Controller, Flat Box Seal Pit Pump, Secondary Screen Feed Pump for effecting reduction in power consumption.
- ◊ VFD for Salvage Winder and providing Breaker Generator for heat recovery related to Winder energy.
- ◊ Air Compressor integrated with Waste Heat Recovery Unit.

B. TECHNOLOGY ABSORPTION

i) Efforts made towards technology absorption

Unit : Erode

Raw Material

- ◊ Pulping and bleaching experiments were carried out for various wood Species to assess suitability for papermaking.
- ◊ New Digester additive is introduced in wood pulping for reduction of Chemicals and steam consumption and to achieve better pulp quality.
- ◊ New product development: New Products such as Azurelaid (green), Book ptg (Excel), Parchment paper and Security Blue, Colour Sprint (Export) etc were developed.
- ◊ Acid sizing is replaced by binary sizing for making Manila board, MG posters and MG bristol papers
- ◊ Pigment red dye is introduced in place of direct red to improve color stability.
- ◊ Introduction of Native starch usage in PM1-4 with enzymatic modification to improve the surface strength and reduce cost.
- ◊ Precipitated Calcium Carbonate (PCC) plant trial was carried out to assess the real time benefits to go for on-site PCC plant.
- ◊ Selective Oxygen delignification process plant trials were carried out in hard wood pulping to reduce the pulp degradation in co-ordination with CPPRI and ACIRD

Unit : Tirunelveli

- ◊ Conducting various plant trials with different polymer additives for improving process performance and product quality
- ◊ Development of Copier for Export Market
- ◊ Introduction of New pigment dyes to improve light fastness.
- ◊ Use of higher proportion of deinked pulp in the furnish.

ii) Benefits derived like product, cost reduction, product development or import substitution :

Unit : Erode

- ◊ Use of short rotation raw materials for manufacture of quality pulp.
- ◊ Reduction in Sizing cost.
- ◊ Improved light fastness and shade of White papers.
- ◊ Improvement in quality of bleached pulp.

Unit : Tirunelveli

- ◊ Improved quality of surface size paper through optimization of Size Press operations.
- ◊ Improvements in printing characteristics of paper.
- ◊ Improvements in light fastness, shade and two sidedness of paper.

iii) Imported technology :

Nil

iv) Expenditure incurred on Research & Development :

₹ 79.46 lakhs

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

		2016-17	2015-16
		(₹ lakhs)	
Earnings	–	**12 610**	13 704
Outgo	–	**19 932**	22 258

ANNEXURE - VI

REPORT ON CSR ACTIVITIES

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 web-link to the CSR Policy and projects or programs.

The Company is engaged in pulp and paper sector which is rural based and is a value creator for thousands of farmers as well as skilled / semi-skilled labour in its neighbourhood. It is deeply committed to promoting rural development and contributing to inclusive growth.

The Company has been pursuing social objectives for long in the interest of rural welfare. It runs two higher education schools and an elementary school for the benefit of poor children in the neighbourhood. The Company promoted and continues to support the establishment of 3 Lift Irrigation Schemes to bring nearly 1 500 acres of dry lands under irrigation and crop cultivation, using Mill's treated trade effluents, thus turning a waste into wealth. It provides drinking water to nearby villages. It runs four Primary Health Centres in nearby villages and provides quality health care. A qualified well experienced Doctor with adequate number of para medical Assistants manage these health Centres, providing free medicines. Medical camps covering varied fields are conducted with the support of accredited hospitals.

CSR Policy

As a responsible corporate citizen, the Company has evolved a CSR Policy and is pursuing the CSR activities in letter and spirit.

The Company has formed a CSR Committee of the Board. It has formulated a CSR Policy that has been approved by the Board, laying stress on CSR activities to be undertaken in its neighbourhood. The Company's focussed programmes are in the field of community development, water, sanitation, education, health, rural infrastructure and technical training. Its ongoing CSR activities are truly aligned to the CSR Policy.

The CSR Policy has been posted on the website of the Company -www.spbltd.com

2 The Composition of the CSR Committee.

- Sri N Gopalaratnam, Chairman
- Sri V Sridar, Independent Director
- Sri K S Kasi Viswanathan, Managing Director
- Sri V Pichai, Deputy Managing Director & Secretary

3 Average net profit of the Company for last three financial years.

₹ 3897 lakhs

4 Prescribed CSR Expenditure (two percent of the amount as in item 3 above).

₹ 77.95 lakhs

5 Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year;

₹ 77.95 lakhs

(b) Amount unspent, if any;

Nil

(c) Manner in which the amount spent during the financial year is detailed below.

			₹ lakhs
1	Expenditure on running and maintenance of Schools	:	29.17
2	Expenses on running and maintenance of Primary Health Centres	:	9.82
3	Contribution to festivals, educational assistance to deserving students, medical assistance and medical camps, donation of paper to a school supporting differently abled children, etc.,	:	39.31
	Total		**78.30**

6 In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not Applicable.

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

Responsibility Statement :

Certified that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-

(N Gopalaratnam)
Chairman of CSR Committee

ANNEXURE - VII

Disclosure under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(A) Statement of particulars of remuneration as per Rule 5(1)

Sl No.	Description			
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for for the financial year	Chairman Managing Director (MD) Deputy Managing Director & Secretary (DMD&S)	26:1 22:1 24:1	Note-1
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Chairman MD DMD&S	29% 22% 31%	Note-2
3	The percentage increase in the median remuneration of employees in the financial year		18%	
4	The number of permanent employees on the rolls of Company		1190	
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 the managerial remuneration	Average increase in the salary of employees other than managerial persons Managerial remuneration	2.83% 27%	
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes. Remuneration is as per the remuneration policy of the Company.		

Notes:

1 Chairman, MD and DMD&S are the Whole-time Directors and others are Non Whole-time Directors, who are paid only sitting fee for attending meetings of the Board and Committees thereof and Commission. Hence, ratios are provided only for Whole-time Directors.

2 During the year, long term wage agreement was entered into with Staff Association effective from April 2014 and arrears were paid

For Board of Directors

Chennai
May 30, 2017

(N GOPALARATNAM)
Chairman

ANNEXURE - VIII

B.K.SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.
B. KALYANASUNDARAM,
B.Com., ACMA., ACS.,

OFFICE:
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE:0431-2761590.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

[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
M/s. SESHASAYEE PAPER AND BOARDS LIMITED
Pallipalayam, Erode 638 007

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Seshasayee Paper and Boards Limited, Pallipalayam, Erode 638 007 (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s Seshasayee Paper and Boards Limited (the Company) and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March 2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(v) Other Laws applicable specifically to the Company:

a. Paper and Paper Board Cess Rules, 1981

b. Acts and Rules prescribed under prevention and control of pollution

c. Acts and Rules relating to Environment protection, energy conservation and Hazardous substances and Chemicals.

d. Acts and Rules relating to boilers, electricity, explosives, fire, etc.

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

(i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the year under report, the Company did not attract the provisions of:

(i) 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;

(ii) 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that:

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

Adequate notice with agenda items supported by detailed notes thereon is given to all Directors to schedule the Board Meetings and Committee meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company had no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

For B.K. SUNDARAM & ASSOCIATES
Company Secretaries

Sd/-

(B. KALYANASUNDARAM)
Company Secretary
ACS No. A672. CP. No. 2209

Place: Tiruchirapalli
Date : 19 05 2017

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

B.K.SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.
B. KALYANASUNDARAM,
B.Com., ACMA., ACS.,

OFFICE:
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE:0431-2761590.

ANNEXURE TO SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017 OF M/S SESHASAYEE PAPER AND BOARDS LIMITED

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.

2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. 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 Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.

3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and occurrence of events.

For B.K. SUNDARAM & ASSOCIATES
Company Secretaries

Sd/-

(B. KALYANASUNDARAM)
Company Secretary
ACS No. A672. CP. No. 2209

Place: Tiruchirapalli
Date : 19 05 2017

ANNEXURE - IX

FORM NO . AOC - 1

Statement containing salient features of the financial statement of Subsidiary / Associate Company

(Pursuant to first proviso to Sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiary

1	Sl No.	:	1
2	Name of the Subsidiary	:	Esvi International (Engineers & Exporters) Limited
3	Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	:	31st March 2017
4	Reporting currency and Exchange Rate as on the last date of the relevant Financial Year in the case of foreign Subsidiaries	:	Not Applicable
5	Share Capital	:	₹ 125.00 lakhs
6	Reserves and Surplus	:	₹ 109.77 lakhs
7	Total Assets	:	₹ 256.77 lakhs
8	Total Liabilities	:	₹ 22.01 lakhs
9	Investments	:	₹ 7.27 lakhs
10	Turnover	:	₹ 38.34 lakhs
11	Profit before taxation	:	₹ 24.15 lakhs
12	Provision for taxation	:	₹ 7.45 lakhs
13	Profit after taxation	:	₹ 16.70 lakhs
14	Proposed Dividend	:	Nil
15	% of shareholding	:	100%

Note : **There are no Subsidiaries :**

(i) which are yet to commence operations and

(ii) which have been liquidated or sold during the year

Part "B": Associate

Statement, pursuant to Section 129(3) of the Companies Act, 2013, related to Associate Company

1	Name of the Associate	:	Ponni Sugars (Erode) Limited
2	Latest audited Balance Sheet Date	:	31st March 2017
3	Shares of Associate held by the Company on the year end	:	
	No.	:	23 60 260
	Amount of Investment in Associates/Joint Venture	:	₹ 1959.82 lakhs
	Extend of Holding %	:	27.45%
4	Description of how there is significant influence	:	The Explanation to Section 2(6) of the Companies Act, 2013 provides that Significant Influence means control of at least 20% of total share capital. The Company holds more than 20% in the Equity Share Capital of its Associate. Hence, the Company is having Significant Influence over it Associate.
5	Reason why the Associate is not consolidated	:	Not applicable
6	Net Worth attributable to Shareholding as per latest audited Balance Sheet	:	₹ 3754.61 lakhs
7	Profit / Loss for the year	:	₹ 1519.00 lakhs
	Considered in Consolidation	:	₹ 416.60 lakhs
	Not considered in Consolidation	:	₹ 1102.40 lakhs

Note : There are no Associates or Joint Ventures :

(i) which are yet to commence operations and

(ii) which have been liquidated or sold during the year.

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S

S. Swaminathan
Membership No. 020583
Partner
Chartered Accountants

For S Viswanathan LLP
Regn. No. 004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

For Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
Dr S NARAYAN
A L SOMAYAJI
V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 30, 2017

SURI & CO.,
CHARTERED ACCOUNTANTS

M/s S VISWANATHAN LLP
CHARTERED ACCOUNTANTS

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF M/s SESHASAYEE PAPER AND BOARDS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) on the basis of the written representations received from the Directors as on 31 March 2017 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2017 from being appointed as a Director in terms of Section 164(2) of the Act; and
   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in"Annexure A".
   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 10(i)(a) to the financial statements;
      (ii) the Company did not have any long-term contracts, including derivative contracts; and
      (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
      (iv) details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December :

	SBNs	Other denomination Notes	Total
Closing Cash in hand as on 08 11 2016	687500	256195	943695
(+) Permitted Receipts	12827500	9079111	21906611
(-) Permitted Payments	36500	4230761	4267261
(-) Amount deposited in Banks	13478500	4801399	18279899
Closing Cash in hand as on 30 12 2016	0	303146	303146

Notes :

(i) Permitted receipts under SBNs represent collection of SBNs tendered by public at Petroleum Retail outlet owned by the Company

(ii) Permitted payments under SBNs represent SBNs tendered by the Company at other Petroleum Retail outlets for purchase of petroleum products for Companies vehicles.

2. 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) pf Section 143 of the Act, we give in the Annexure "B" a statement on the matters specified in the Paragraphs 3 and 4 of the Order, to the extent applicable.

Suri & Co.,
Firm Regn. No. 004283S

S. Swaminathan
Membership No. 020583
Partner
Chartered Accountants

S Viswanathan LLP
Regn. No. 004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SESHASAYEE PAPER AND BOARDS LIMITED

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

We have audited the internal financial controls over financial reporting of Seshasayee Paper and Boards Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone 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 (ICAI). 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

Suri & Co.,
Firm Regn. No. 004283S

S. Swaminathan
Membership No. 020583
Partner
Chartered Accountants

S Viswanathan LLP
Regn. No. 004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SESHASAYEE PAPER AND BOARDS LIMITED.

The Annexure referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the Company.

(ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.

(iii) The Company has granted unsecured loan to a Company covered in the register maintained under section 189 of the Companies Act, 2013.

(a) The terms and conditions of the grant of such loan are not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular.

(c) There are no overdue amounts.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of loans, investments, provided by the Company. The Company has not provided any guarantee or security to any Company covered under Section 185.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained.

(vii) According to the information and explanations given to us in respect of Statutory dues :

(a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other Statutory dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.

(b) Details of dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax have not been deposited as on 31st March 2017 on account of disputes are given below :

Name of the Statute	Nature of dues	Amount ₹ lakhs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Excise Duty	134.88	CESTAT	February 2004- March 2005
- do -	- do -	13.16	- do -	January 2007 - June 2007
- do -	- do -	21.26	- do -	February 2008 - December 2012
- do -	- do -	7.67	- do -	December 2005 - June 2007
- do -	- do -	40.83	- do -	April 2007 - March 2011
- do -	- do -	2.43	Hon'ble High Court of Madras	07 12 2008
- do -	- do -	4.56	- do -	October - November 1996
Income Tax Act, 1961	TDS	1.86	Commissioner of Income Tax (Appeals)	2015-16
- do -	- do -	6.46	- do -	2016-17
- do -	- do -	3.11	- do -	2013-14
Customs Act, 1962	Customs Duty	624.17	CESTAT	March 2012 - January 2013
- do -	- do -	18.75	- do -	13 12 2002

(viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) The Company has not noticed any fraud by the Company or any fraud on the Company by its Officers or employees or reported during the year.

(xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Companies Act.

(xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.

(xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the

Financial Statements, etc., as required by the applicable Accounting Standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Suri & Co.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

S Viswanathan LLP
Regn. No. 004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2017

SESHASAYEE PAPER AND BOARDS LIMITED

BALANCE SHEET AS AT 31st MARCH 2017

		Note No.	As at 31-03-2017 ₹ lakhs	₹ lakhs	As at 31-03-2016 ₹ lakhs	₹ lakhs
I	**EQUITY AND LIABILITIES**					
1	**Shareholders' Funds**					
	(a) Share Capital	4	1261.36		1261.36	
	(b) Reserves and Surplus	5	53720.87		40836.40	
				54982.23		42097.76
2	**Non Current Liabilities**					
	(a) Long Term Borrowings	6(a)	12287.63		15744.08	
	(b) Deferred Tax Liabilities (net)	6(b)	13444.23		11537.00	
	(c) Other Long Term Liabilities	6(c)	1530.15		1479.05	
	(d) Long Term Provisions	6(d)	1078.23		999.05	
				28340.24		29759.18
3	**Current Liabilities**					
	(a) Short Term Borrowings	7(a)	0.00		9727.86	
	(b) Trade Payables					
	(i) Total Outstanding dues of Micro enterprises and Small enterprises	7(b)	54.92		58.18	
	(ii) Total Outstanding dues of Creditors other than the Micro enterprises and Small enterprises	7(b)	20250.30		21993.74	
	(c) Other Current Liabilities	7(c)	6665.28		5966.05	
	(d) Short Term Provisions	7(d)	927.47		1607.43	
				27897.97		39353.26
	Total			111220.44		111210.20
II	**ASSETS**					
1	**Non Current Assets**					
	(a) Fixed Assets					
	(i) Tangible Assets	8(a)	63633.71		62401.05	
	(ii) Intangible Assets	8(b)	78.33		101.91	
	(iii) Capital Work-in-Progress	8(c)	4072.44		5043.60	
	(b) Non Current Investments	8(d)	3961.29		3761.29	
	(c) Long Term Loans and Advances	8(e)	2777.05		2527.78	
				74522.82		73835.63
2	**Current Assets**					
	(a) Inventories	9(a)	12896.83		11407.02	
	(b) Trade Receivables	9(b)	10639.01		12925.25	
	(c) Cash and Cash Equivalents	9(c)	1908.52		1038.90	
	(d) Short Term Loans and Advances	9(d)	10561.38		11376.11	
	(e) Other Current Assets	9(e)	691.88		627.29	
				36697.62		37374.57
	Total			111220.44		111210.20

Vide our report of date attached

For SURI & CO.,	For S VISWANATHAN LLP	For MAHARAJ N R SURESH AND CO.,	N GOPALARATNAM	R V GUPTA
Firm Regn. No. 004283S	Regn. No.004770S/S200025	Firm Regn. No. 001931S	Chairman	Dr NANDITHA KRISHNA
				Dr S NARAYAN
S Swaminathan	Chella K Srinivasan	N R Suresh		A L SOMAYAJI
Membership No. 020583	Membership No. 023305	Membership No. 021661		V SRIDAR
Partner	Partner	Partner	V PICHAI	Directors
Chartered Accountants	Chartered Accountants	Chartered Accountants	Deputy Managing Director & Secretary	K S KASI VISWANATHAN Managing Director

Chennai
May 30, 2017

SESHASAYEE PAPER AND BOARDS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

	Particulars	Note No.	Year ended 31-3-2017 ₹ lakhs	Year ended 31-3-2017 ₹ lakhs	Year ended 31-3-2016 ₹ lakhs	Year ended 31-3-2016 ₹ lakhs
I	**Revenue from operations**					
	Revenue from operations	12	119386.86		107687.49	
	Less : Excise Duty		5907.62		5162.15	
				113479.24		102525.34
II	**Other Income**	13		704.41		428.22
III	**Total Revenue (I + II)**			114183.65		102953.56
IV	**Expenses :**					
	(a) Cost of Materials Consumed	14		56043.92		57259.81
	(b) Purchases of Stock-in-Trade	15		4030.23		2063.39
	(c) Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade	16		(-) 223.75		370.79
	(d) Employee benefits expense	17		7167.68		7956.50
	(e) Finance Costs	18		2156.28		3229.27
	(f) Depreciation and Amortisation expense	8		3061.91		2875.41
	(g) Other Expenses	19		24991.46		24170.40
	Total expenses			97227.73		97925.57
V	**Profit before exceptional and extraordinary items and tax (III - IV)**			16955.92		5027.99
VI	**Exceptional items**			0.00		0.00
VII	**Profit before extraordinary items and tax (V - VI)**			16955.92		5027.99
VIII	**Extraordinary items**			0.00		0.00
IX	**Profit before Tax (VII - VIII)**			16955.92		5027.99
X	**Tax Expense :**					
	(a) Current Tax	20	2164.22		0.00	
	(b) Deferred Tax	21	1907.23		1470.44	
				4071.45		1470.44
XI	**Profit / (Loss) for the period from continuing operations (IX - X)**			12884.47		3557.55

SESHASAYEE PAPER AND BOARDS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017 (Contd.)

	Particulars	Note No.	Year ended 31-3-2017		Year ended 31-3-2016	
			₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
XI	**Profit / (Loss) for the period from continuing operations (IX - X)**			12884.47		3557.55
XII	**Profit / (Loss) from discontinuing operations**			0.00		0.00
XIII	**Tax expense of discontinuing operations**			0.00		0.00
XIV	**Profit / (Loss) from discontinuing operations after tax (XII - XIII)**			0.00		0.00
XV	**Profit or (Loss) for the period (XI + XIV)**			12884.47		3557.55
XVI	**Earnings Per Equity Share :**					
	(a) Basic	31		102.15		28.20
	(b) Diluted	31		102.15		28.20

Vide our report of date attached

For SURI & CO.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

For S VISWANATHAN LLP
Regn. No.004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

For MAHARAJ N R SURESH AND CO.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
Dr S NARAYAN
A L SOMAYAJI
V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 30, 2017

Notes forming part of the Balance Sheet as at 31st March 2017 and Statement of Profit and Loss for the year ended 31st March 2017.

1 SIGNIFICANT ACCOUNTING POLICIES

a) General

The Financial Statements have been prepared on the historical cost convention and in accordance with Generally Accepted Accounting Principles and complying with the applicable Accounting Standards.

b) Property, Plant and Equipment

Property, plant and equipment are tangible items that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than a period of twelve months.

Property, plant and equipment are stated at historical cost after deducting any accumulated depreciation and accumulated impairment losses.

Cost of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Borrowing cost (net of interest earned on temporary investments of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of the assets till the asset is ready for its intended use.

Depreciation is provided under straight-line method in accordance with the provisions of Schedule-II to the Companies Act, 2013.

The residual value and the useful life of assets are reviewed at each financial year end.

The residual Value and useful life of assets, in the opinion of the management are in line with residual value and estimated useful life specified in Scedule II to the Companies Act, 2013

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of an item is recognized and depreciated separately.

c) Investments

Long term Investments are stated at cost.

Current Investments are stated at the lower of cost and fair value.

Any diminution in the value of long term investments is charged off, only if, such a decline is other than temporary, in the opinion of the Management.

d) Inventories

Inventories are assets :

(a) held for sale in the ordinary course of business;

(b) in the process of production for such sale; or

(c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at lower of cost and net realisable value.

Stocks of Raw materials, Stores, Spares and Chemicals are valued at cost on weighted average basis. The cost includes taxes and duties (other than duties and taxes for which CENVAT / VAT credit is available), freight and other direct expenses.

For valuation of Finished Goods / Stock-in-Process, cost includes material, direct labour, overheads (other than selling and administrative overheads), Excise Duty and Education Cess, wherever applicable.

Net Realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessary to make the sale.

e) Government Grants

Government Grants in the nature of Capital Subsidies are credited to Capital Reserve and treated as part of Shareholders' Funds.

f) Borrowing Costs

Borrowing costs (net of interest earned on temporary investment of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets.

Other borrowing costs are recognised as expense as and when incurred.

g) Revenue and Expenditure Recognition

Revenue is recognised and expenditure is accounted for on their accrual.

Revenue involving :

(a) Sale of goods is recognised on transfer of all significant risks and rewards of ownership to the customer.

(b) Dividend income is recognised on establishment of the right to receive payment.

(c) Other incomes are recognised when no significant uncertainty on measurability or collectability exists.

h) Intangible Assets

(i) General

Intangible assets are stated at cost less accumulated amortisation.

Computer Software is amortised at 20% on straight line basis over a period of five years.

Know-how is amortised at 10% on straight line basis over a period of ten years.

(ii) Research and Development

Expenditure on Research and Development is charged off as and when incurred.

i) Foreign Exchange Transactions

Transactions in foreign exchange are accounted at the rates prevailing on the date of transactions.

Foreign currency Liabilities / Assets at the close of the year are restated, adopting the year end rates. The resultant difference, if any, is recognised as income or expense in the Statement of Profit and Loss.

Exchange difference, arising on forward contracts, is recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Premium / discount arising on forward contracts are amortized as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense for the period.

j) Employee Benefits

Short term employee benefits, in respect of leave salary, leave travel allowance and reimbursement of medical expenses, the liability has been fully provided on undiscounted basis, in accordance with the Schemes in force.

The contribution to Provident Fund (defined contribution plan), as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, is recognised as expense and remitted to the Provident Fund Commissioner. The contribution to Superannuation Fund (defined contribution plan) is recognised as expense and funded with Life Insurance Corporation of India.

The Company's liability towards retirement benefits, in the form of gratuity (defined benefit plans) and other retirement benefits is worked out on actuarial basis at the end of the year and is provided.

Actuarial gain / loss is recognised in the Statement of Profit and Loss.

k) Impairment of Assets

Impairment loss, if any, is provided to the extent the carrying amount of the assets exceed their recoverable amount.

l) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognised in respect of present obligation requiring settlement by outflow of resources and of which a reliable estimate on the amount of obligation could be made.

Contingent Liabilities are disclosed, unless the possibility of any outflow in settlement is remote, in the notes on accounts. Contingent Assets are neither recognised nor disclosed.

m) Lease

Assets given under finance lease are recognised at the amount equal to net investment in the lease and the finance income is recognised based on rate of return on the net investment of such finance lease.

Lease payments on assets taken on lease are recognised as an expense on a straight line basis over the lease term.

n) Taxes on Income

Taxes on income are accrued in the same period as the revenue and expenses to which they relate. Taxes on income is accounted as per Accounting Standard AS-22 - "Accounting for Taxes on Income". Taxes on income includes, both Current Taxes and Deferred Taxes. Deferred taxes reflect the impact of current year timing differences between the taxable income and accounting income and reversal of timing differences of earlier years. Deferred Tax Assets are recognised only to the extent that there is virtual / reasonable certainty that sufficient future taxable income will be available.

2 SEGMENT

Paper is the only reportable segment of operation of the Company.

3 REGROUPING OF FIGURES

Figures for the previous year have been re-grouped, wherever necessary, to conform to current year's classification.

	As at 31-3-2017 ₹ lakhs	₹ lakhs	As at 31-3-2016 ₹ lakhs	₹ lakhs
4 SHARE CAPITAL				
AUTHORISED:				
4 00 00 000 - Equity Shares of ₹ 10 each		4000.00		4000.00
3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each		3000.00		3000.00
		7000.00		7000.00
ISSUED, SUBSCRIBED AND FULLY PAID UP:		Value ₹ lakhs		Value ₹ lakhs
1 26 13 628 - Equity Shares of ₹ 10 each, fully paid up		1261.36		1261.36
Total		1261.36		1261.36

(i) Reconciliation of the shares outstanding at the beginning and at the end of the year :

	No. of Shares in lakhs	Value ₹ lakhs	No. of Shares in lakhs	Value ₹ lakhs
At the beginning and end of the year	126.14	1261.36	126.14	1261.36

(ii) Details of shareholders holding more than 5% shares of the Company

	No. of Shares in lakhs	% holding to Equity Capital	No. of Shares in lakhs	% holding to Equity Capital
(a) Tamilnadu Industrial Investment Corporation Limited	18.00	14.27	18.00	14.27
(b) Ponni Sugars (Erode) Ltd	17.68	14.02	17.68	14.02
(c) Synergy Investments Pte Ltd	15.48	12.27	15.48	12.27
(d) Time Square Investments (P) Ltd	12.58	9.97	13.58	10.76
(e) Atyant Capital India Fund I	6.77	5.36	6.77	5.36

(iii) During the period of five years immediately preceding 31.03.2017, 13 63 628 equity shares of ₹ 10 each, fully paid up pursuant to a Scheme of Amalgamation of SPB Papers Limited with the Company were issued for consideration other than cash.

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
5 RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet		3715.95		3715.95
Securities Premium Reserve				
As per last Balance Sheet		360.00		360.00
Other Reserves :				
General Reserve				
As per last Balance Sheet	33500.00		31000.00	
Add: Amount transferred from surplus in Statement of Profit and Loss	6500.00		2500.00	
		40000.00		33500.00
Surplus in Statement of Profit and Loss				
Balance as per Statement of Profit and Loss of the previous year	3260.45		2961.97	
Profit for the year	12884.47		3557.55	
	16144.92		6519.52	
Less :				
- Transfer to General Reserve	6500.00		2500.00	
- Proposed Equity Dividend -	0.00		630.68	
- Tax on proposed Equity Dividend	0.00		128.39	
	6500.00		3259.07	
Net Surplus in Statement of Profit and Loss (refer Note # 11)		9644.92		**3260.45**
Total Reserves and Surplus		53720.87		**40836.40**
6 NON CURRENT LIABILITIES				
(a) Long Term Borrowings				
(i) Term Loans from Banks - Secured				
Unit-Erode :				
Mill Development Plan II-Phase I	3498.87		3300.00	
Mill Development Plan II-Phase I-Term Loan including its Current Maturities is Secured by:				
(i) Hypothecation of Mill Development Plan II-Phase I assets at Unit: Erode				
Carried over	3498.87		3300.00	

	As at 31-3-2017 ₹ lakhs	₹ lakhs	As at 31-3-2016 ₹ lakhs	₹ lakhs
Brought forward	3498.87		3300.00	
(ii) Further to be secured by Mortgage of immovable properties of Unit: Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land together with structures thereon and captive power plant Assets) to the extent of ₹ 8500 lakhs.				
Terms of repayment :				
The Term loan of ₹ 4 000 lakhs from Syndicate Bank is repayable in 66 equal monthly installments of ₹ 60.61 lakhs commencing from July 2016.				
The Term loan of ₹ 2 000 lakhs from Canara Bank is repayable in 28 Quarterly installments of ₹ 71.40 lakhs commencing from October 2016.				
Period and amount of continuing default : Nil				
Unit -Tirunelveli :				
Term Loan	5135.00		8269.50	
Term Loan, including its current maturities is secured by:				
a) a charge, by way of mortgage of immovable properties of the Company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit-Tirunelveli and				
b) hypothecation of movables, including movable plant and machinery and book debts of Unit-Tirunelveli.				
Terms of repayment:				
The loan is repayable in quarterly instalments of ₹ 541 lakhs from January 2014 to October 2015, ₹ 756.50 lakhs from January 2016 to October 2017, ₹ 865 lakhs from January 2018 to April 2019 and the balance ₹ 810 lakhs will be paid in July 2019.				
Period and amount of continuing default: Nil				
Mill Expansion Plan	1780.00		2000.00	
		10413.87		13569.50
Mill Expansion Plan Term Loan including its current maturities is secured by:				
a) a charge, by way of mortgage of immovable properties of the company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit-Tirunelveli and				
b) hypothecation of movables, including movable plant and machinery of Unit-Tirunelveli.				
Carried over		10413.87		13569.50

	As at 31-3-2017 ₹ lakhs	₹ lakhs	As at 31-3-2016 ₹ lakhs	₹ lakhs
Brought forward		10413.87		13569.50
Terms of repayment :				
The loan of ₹ 6000 lakhs is repayable in quarterly installments of ₹ 220 lakhs from December 2016 to June 2023 and the balance ₹ 60 lakhs will be paid in September 2023.				
Period and amount of continuing default : Nil				
(ii) Other Loans and Advances :				
Interest Free Sales Tax Loan - Unsecured		1873.76		2174.58
Terms of repayment :				
Interest Free Sales Tax Deferral Loan is repayable over a period of ten years from 01 06 2013.				
Period and amount of continuing default: Nil				
		12287.63		15744.08
(b) Deferred Tax Liabilities (net)		13444.23		11537.00
Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in :		13444.23		11537.00

	Current year ₹ lakhs	Upto 31-3-2017 ₹ lakhs
- Depreciation	(+) 1921.90	(-) 13538.23
- Others	(-) 14.67	(+) 94.00
- Total	**(+) 1907.23**	**(-) 13444.23**

(c) Other Long Term Liabilities		
Trade Payables :		
Security Deposit from Dealers	1530.15	1479.05
	1530.15	**1479.05**
(d) Long Term Provisions		
Provision for Employee Benefits	114.10	95.35
Provision for Generation Tax	964.13	903.70
	1078.23	**999.05**

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
7 CURRENT LIABILITIES				
(a) Short Term Borrowings				
Working Capital Borrowings from Banks				
Unit-Erode	0.00		4605.61	
Secured by:				
- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit-Erode and				
- second charge, by way of mortgage of immovable properties of Unit-Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings excluding the assets created out of MDP II Phase I Project and exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets to the extent of ₹ 8500 lakhs.				
Unit-Tirunelveli :	0.00		5122.25	
Secured by:		0.00		9727.86
- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit-Tirunelveli and				
- second charge, on the fixed assets of Unit-Tirunelveli.				
Period and amount of continuing default : Nil				
		0.00		9727.86

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(b) Trade Payables				
Total Outstanding dues of Micro enterprises and Small enterprises		54.92		58.18
Total Outstanding dues of Creditors other than the Micro enterprises and Small enterprises		20250.30		21993.74
		20305.22		22051.92
Notes :				
Disclosure requirement relating to Micro, Small and Medium Enterprises is as follows :				
Principal amount due as on March 31		54.92		58.18
Interest due and unpaid on the above as on March 31		0.00		0.00
Interest paid		0.00		0.00
Interest due and payable		0.00		0.00
Interest accrued and remaining unpaid as on March 31		0.00		0.00
Amount of further interest remaining due and payable in the succeeding years		0.00		0.00
(c) Other Current Liabilities				
Current maturities of long term loans	5388.67		4652.35	
Interest accrued but not due on borrowings	30.93		42.85	
Unclaimed dividend	82.33		75.92	
		5501.93		4771.12
Others :				
- Tax deducted / collected at source and Value Added Tax		539.65		650.10
- Others		623.70		544.83
		6665.28		5966.05
(d) Short Term Provisions				
Provision for Employee Benefits		927.47		848.36
Others :				
- Dividend Payable	0.00		630.68	
- Tax on Dividend Payable	0.00		128.39	
		0.00		759.07
		927.47		1607.43

8 FIXED ASSETS (Property, Plant and Equipment)

PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE	
	As at 1-4-2016	Additions For the Year	Deductions/ Adjustments	As at 31-3-2017	Upto 31-3-2016	For the Year	Withdrawn/ Adjustments	Upto 31-3-2017	As at 31-3-2017	As at 31-3-2016
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(a) TANGIBLE ASSETS										
LAND	417.37	0.00	0.00	417.37	0.00	0.00	0.00	0.00	417.37	417.37
BUILDINGS										
- LEASEHOLD	20.51	0.00	0.00	20.51	6.99	0.32	0.00	7.31	13.20	13.52
- OTHERS	12956.24	83.31	0.00	13039.55	3649.00	402.58	0.00	4051.58	8987.97	9307.24
PLANT AND EQUIPMENTS	88561.01	4126.28	51.00	92636.29	36282.25	2549.74	47.33	38784.66	53851.63	52278.76
FURNITURE AND FIXTURES	695.57	5.57	32.59	668.55	525.77	10.06	31.00	504.83	163.72	169.80
VEHICLES	297.87	35.98	18.46	315.39	169.87	28.22	15.02	183.07	132.32	128.00
OFFICE EQUIPMENTS	581.30	25.53	0.00	606.83	494.94	44.39	0.00	539.33	67.50	86.36
	103529.87	4276.67	102.05	107704.49	**41128.82**	3035.31	93.35	44070.78	63633.71	**62401.05**
PREVIOUS YEAR	**107262.35**	**850.91**	**4583.39**	**103529.87**	**42550.78**	**2848.81**	**4270.77**	**41128.82**	**62401.05**	**64711.57**
(b) INTANGIBLE ASSETS										
TECHNICAL KNOW-HOW	258.60	0.00	0.00	258.60	164.74	25.86	0.00	190.60	68.00	93.86
COMPUTER SOFTWARE	26.18	3.03	1.43	27.78	18.13	0.74	1.42	17.45	10.33	8.05
	284.78	3.03	1.43	286.38	**182.87**	26.60	1.42	208.05	78.33	**101.91**
PREVIOUS YEAR	**283.53**	**1.25**	**0.00**	**284.78**	**156.27**	**26.60**	**0.00**	**182.87**	**101.91**	**127.26**
(c) CAPITAL WORK-IN-PROGRESS -										
AT COST									4072.44	**5043.60**
TOTAL	**103814.65**	4279.70	103.48	107990.87	**41311.69**	3061.91	94.77	44278.83	67784.48	**67546.56**
PREVIOUS YEAR	**107545.88**	**852.16**	**4583.39**	**103814.65**	**42707.05**	**2875.41**	**4270.77**	**41311.69**	**67546.56**	**66178.57**

Interest on Mill Development Plan II-Phase I and MEP Term Loan amounts to ₹ 534.84 lakhs have been capitalised during the year (Previous year- ₹ 388.53 lakhs).

Capital Work in Progress includes ₹ 336.84 lakhs Interest capitalised during the year. (Previous year ₹ 381.97 lakhs)

		As at 31-3-2017		As at 31-3-2016	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(d) Non Current Investments					
NON-TRADE					
IN EQUITY INSTRUMENTS - FULLY PAID:					
Quoted:					
2 65 830	Equity Shares of ₹ 2 each in Housing Development Finance Corporation Limited		7.09		7.09
2 500	Equity Shares of ₹ 2 each in HDFC Bank Limited		0.05		0.05
1 14 080	Equity Shares of ₹ 10 each in IDBI Bank Limited		91.07		91.07
2 82 911	Equity Shares of ₹ 10 each in High Energy Batteries (India) Limited		387.15		387.15
TRADE					
IN EQUITY INSTRUMENTS - FULLY PAID:					
Quoted:					
23 60 260	Equity Shares of ₹ 10 each in Ponni Sugars (Erode) Limited (Associate)		1959.82		1959.82
1 00 000	Equity Shares of ₹ 10 each in Tamilnadu Newsprint and Papers Limited		106.70		106.70
Unquoted:					
As per last Balance Sheet					
25 000	Equity Shares of ₹ 100 each in Esvi International (Engineers & Exporters) Limited (Wholly Owned Subsidiary)	1203.00		1203.00	
Add : Purchased during the year					
1 00 000	Equity Shares of ₹ 100 each	200.00		0.00	
Total-1 25 000	Equity Shares of ₹ 100 each		1403.00		1203.00
4 100	Equity Shares of ₹ 10/- each in Esvin Advanced Technologies Limited		0.41		0.41
50 000	Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited		5.00		5.00
10 000	Equity Shares of ₹ 10 each in OPG Energy Private Limited		1.00		1.00
			3961.29		3761.29

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Aggregate amount of :				
Quoted Investments				
- Cost		2551.88		2551.88
- Market Value		9941.84		8665.37
Unquoted Investments				
- Cost		1409.41		1209.41
(e) Long Term Loans and Advances				
Capital Advances - Unsecured - Considered Good		744.54		109.96
Security Deposits - Unsecured - Considered Good		782.51		667.82
Other Loans and Advances :				
Unsecured - Considered Good - Related Party				
- SPB Equity Shares Trust - 5 68 181 shares		1250.00		1250.00
Unsecured - considered bad & doubtful				
- Inter Corporate Loans	500.00		500.00	
Less : Allowance for doubtful debts	500.00		0.00	
		0.00		500.00
		2777.05		2527.78

9 CURRENT ASSETS

(a) Inventories				
Raw Materials		5455.15		4055.39
Stock-in-Process		530.05		760.90
Finished Goods		0.00		0.00
Stores, Spares, Chemicals and others		6335.77		6469.47
Stock-in-Trade		575.86		121.26
[For method of valuation, please refer to Note No. 1(d)]				
		12896.83		11407.02

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(b) Trade Receivables				
Secured - Considered Good :				
Exceeding six months	445.69		544.23	
Other debts	1596.27		1474.97	
		2041.96		2019.20
Unsecured - Considered Good :				
Exceeding six months	400.11		457.13	
Other debts	8196.94		10448.92	
		8597.05		10906.05
Doubtful :				
Exceeding six months	8.80		8.80	
Less : Allowance for doubtful debts	8.80		8.80	
		0.00		0.00
		10639.01		12925.25
(c) Cash and Cash Equivalents				
Bank balances		1802.83		945.58
Cash on hand		22.65		16.69
Other Bank Balances :				
Unclaimed Dividend Account		82.33		75.92
In Deposit Account offered as security				
More than 12 months		0.71		0.71
		1908.52		1038.90
(d) Short Term Loans and Advances				
Others :				
Unsecured - Considered Good				
- Inter Corporate Loans	540.00		100.00	
- Prepaid expenses	219.93		158.67	
- Balances in Current Account with Central Excise Department and Port Trust	1748.61		2539.06	
- Tax payments pending adjustments (net)	194.32		1650.62	
- MAT Credit Entitlement	5953.35		4749.86	
- Advance to Suppliers	452.42		626.75	
- Others	1452.75		1551.15	
		10561.38		11376.11
		10561.38		11376.11
(e) Other Current Assets				
Others		691.88		627.29
		691.88		627.29

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
10 Contingent Liabilities and Commitments not provided for				
(i) Contingent Liabilities :				
(a) Claims against the Company not acknowledged as debts				
(1) Demands relating to Central Excise, Customs duty, Service Tax and VAT contested before Appellate Authorities		**431.58**		512.87
(2) Demands relating to dispute regard to classification of coal contested before Appellate Authorities		**2164.17**		2164.17
(3) Demands relating to water drawal arrangement contested before Appellate Authorities		**1465.57**		1397.71
(4) Demands relating to Interest on Generation Tax contested before Appellate Authorities		**718.67**		701.30
(5) Income Tax demand contested before Appellate Authorities		**12.78**		769.52
(6) Others-				
Demand contested before Appellate Authorities and others		**490.29**		499.76
(b) Guarantees		**6.73**		9.00
(ii) Commitments :				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		**1438.33**		190.14
11 Dividend Proposed To Be Distributed				
Amount per Equity Share ₹ 10 per equity share (Previous year - ₹ 5 per Equity Share)		**1261.36**		630.68
Tax on proposed Equity Dividend		**256.78**		128.39

Pursuant to the Accounting Standard 4 revised by MCA Notification dated 30th March 2016, Proposed dividend on equity shares and corporate tax on dividend being a non adjusting event at the balance sheet date is not recognized as liabilities.

Consequently, the balance in Statement of Profit and Loss is higher by ₹ 1518.14 lakhs and Short term provisions is lower by an equivalent amount. This however has no impact on the profit for the year.

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
12 Revenue From Operations				
(a) Sale of Paper and Paper Boards		113914.65		102389.53
(b) Sale of Note Books		0.00		1582.60
(c) Sale of Stock-in-Trade		3736.33		2135.33
(d) Other Operating Revenue		1735.88		1580.03
		119386.86		107687.49
13 Other Income				
(a) Interest income		477.92		256.82
(b) Dividend Income - Long term Investments		89.23		42.11
(c) Other Non Operating Income		137.26		129.29
		704.41		428.22
14 Cost Of Materials Consumed				
(a) Raw Materials				
(i) Wood	24842.74		26027.39	
(ii) Bagasse	1352.46		1678.25	
(iii) Purchased Pulp	9278.10		11305.60	
(iv) Waste Paper	1167.00		687.02	
	36640.30		39698.26	
Feeding and Other Charges	537.44		626.63	
		37177.74		40324.89
(b) Stores and Chemicals		17410.74		15533.94
(c) Packing Materials		1455.44		1400.98
		56043.92		57259.81
15 Purchases of Stock-in-Trade				
(a) Note Books		1570.68		0.00
(b) Petroleum Products		2459.55		2063.39
		4030.23		2063.39

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
16 Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade				
Closing Stock :				
(a) Finished Goods	0.00		0.00	
(b) Stock-in-Trade	575.86		121.26	
(c) Stock-in-Process	530.05		760.90	
		1105.91		882.16
Opening Stock :				
(a) Finished Goods	0.00		510.01	
(b) Stock-in-Trade	121.26		130.94	
(c) Stock-in-Process	760.90		612.00	
		882.16		1252.95
		(-) 223.75		370.79
17 Employee benefits expense				
(a) Salaries and Wages		5605.54		6458.03
(b) Contribution to Provident and other Funds		901.02		882.77
(c) Employee Welfare Expenses		661.12		615.70
		7167.68		7956.50
18 Finance Costs				
(a) Interest expense		2051.30		3155.87
(b) Other borrowing costs		77.40		70.40
(c) Net gain / loss on foreign currency transaction		27.58		3.00
		2156.28		3229.27
19 Other Expenses				
(a) Power and Fuel				
(i) Purchased Power	1987.36		3789.18	
(ii) Consumption of Fuel	9676.63		9210.68	
(iii) Generation Tax	331.13		180.18	
		11995.12		13180.04
(b) Rent		136.91		141.82
(c) Rates and Taxes		144.84		146.19
(d) Insurance		225.83		206.52
(e) Repairs and Maintenance				
(i) Buildings	431.96		436.63	
(ii) Plant and Machinery	2943.31		2197.91	
(iii) Others	132.81		125.22	
		3508.08		2759.76
Carried over		16010.78		16434.33

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Brought forward		16010.78		16434.33
(f) Selling and Distribution Expenses				
(i) Distributors' Commission	552.20		532.28	
(ii) Cash Discount	2093.08		1750.22	
(iii) Forwarding Charges	3895.12		3421.12	
		6540.40		5703.62
(g) Conversion Charges		81.31		355.05
(h) Office and Administrative Expenses		1150.03		1075.85
(i) Miscellaneous Expenses		1208.94		601.55
		24991.46		24170.40

20 Current Tax

(a) Current Tax - MAT	3590.30		1059.49	
(b) MAT Credit Entitlement	-1426.08		-1059.49	
		2164.22		0.00
		2164.22		0.00

21 Deferred Tax

On account of variation of allowances for tax purposes in :				
(a) Depreciation	1921.90		1449.72	
(b) Others	-14.67		20.72	
		1907.23		1470.44
		1907.23		1470.44

22 Payments to the Auditors

(included under Note No. 19)				
(a) As Auditor		18.00		18.00
(b) For Taxation matters		7.29		3.10
(c) For Certification Work		6.37		5.16
(d) For Reimbursement of Expenses		0.76		0.63
		32.42		26.89

23 Expenditure incurred on Corporate Social Responsibility Activities

a) Gross amount required to be spent during the year		77.95		55.41
b) Amount spent during the year		78.30		68.49

24 In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been obtained. All Lease agreements are cancellable at the option of the Company

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
25 Value of imports calculated on CIF basis:				
(a) Raw materials		9557.95		11930.56
(b) Stores, Spares and Chemicals		9337.93		9220.22
(c) Capital Goods		893.29		818.56
26 Expenditure in foreign currencies:				
(a) Travel		10.16		11.42
(b) Export Commission		28.60		115.28
(c) Others		26.20		99.75

27 Value of imported / indigenous Raw material / Stores, Spares and Chemicals consumed:

	₹ lakhs	%	₹ lakhs	%
(a) Raw materials:				
(i) Imported	9745.95	26.60	10707.92	26.97
(ii) Indigenous	26894.35	73.40	28990.34	73.03
Total	36640.30	100.00	39698.26	100.00
(b) Stores, Spares and Chemicals:				
(i) Imported	10345.53	35.69	9664.21	41.86
(ii) Indigenous	18643.35	64.31	13421.07	58.14
Total	28988.88	100.00	23085.28	100.00

[includes consumption of coal and other fuels ₹ 9452.17 lakhs under Power and Fuel (previous year ₹ 6486.29 lakhs), consumption of spares ₹ 2155.02 lakhs, under Repairs and Maintenance. (previous year ₹ 1141.08 lakhs)]

28 Amounts remitted in foreign currencies:		
(a) Dividends	77.38	61.91
(b) No. of Non-resident shareholders	1	1
(c) No. of shares held	1547695	1547695
29 Earnings in foreign exchange:		
(a) Export of goods on FOB basis	12981.41	14301.28

30 Disclosure of Related Party transactions, as required under Accounting Standard (AS) 18

(i) Name of the Related Parties and description of relationship between the parties :

a) Control
- Esvi International (Engineers & Exporters) Limited (ESVIN)
- SPB Equity Shares Trust

b) Presumption of significant influence
- Ponni Sugars(Erode) Limited (PEL)
- SPB Projects and Consultancy Limited (SPB-PC)
- Time Square Investments Private Limited (TSI)
- Dhanashree Investments Private Limited (DSI)
- Ultra Investments and Leasing Co. Private Limited (UIL)

c) Key Management Personnel
- Sri N Gopalaratnam, Chairman
- Sri K S Kasi Viswanathan, Managing Director
- Sri V Pichai, Deputy Managing Director & Secretary

(ii) Transaction details :

	Transaction amount ₹ lakhs		Amount outstanding on 31-3-2017
	2016-17	2015-16	
(a) Esvi International (Engineers & Exporters) Limited			**Assets :**
- Investment made	200.00	0.00	Investments in: 1.25 lakhs Equity Shares (100%)
(b) Ponni Sugars (Erode) Limited :			**Assets :**
- Purchase of Bagasse	1154.09	1587.74	Investments in: 23.60 lakhs Equity Shares (27.45%)
- Purchase of Sugar	7.82	6.25	
- Sale of fuel	937.93	1569.97	Receivables : ₹ 243.02 lakhs
- Sale of Paper, Water	6.23	5.22	
- Dividend paid	88.41	70.73	
- Dividend received	28.32	0.00	
- Other transactions (Net Debit)	57.69	61.59	**Liabilities :** 17.68 lakhs Equity Shares (14.02%)
- Investment made	0.00	561.85	

(ii) Transaction details (Contd.)

	Transaction amount ₹ lakhs 2016-17	2015-16	Amount outstanding on 31-3-2017
(c) SPB Equity Shares Trust			**Assets :** Loans and Advaces ₹ 1250 lakhs represented by 568181shares alloted on amalgamation of SPB Papers Limited and held in Trust for the Company (Market Value ₹ 4436.93 lakhs) **Liabilities :** 5 68 181 Equity Shares (4.50%)
- Dividend received	0.00	22.73	
- Dividend paid	28.41	22.73	
(d) Dhanashree Investments Private Limited			**Liabilities :** 5.90 lakhs Equity Shares (4.68%)
- Rent and amenity charges	3.60	3.60	
- Dividend paid	29.51	23.60	
(e) Ultra Investments and Leasing Co. Private Limited			**Liabilities :** 1.85 lakhs Equity Shares (1.47%)
- Reimbursement of expenses	0.28	0.48	
- Dividend paid	9.26	7.41	
(f) Time Square Investments Private Limited			**Liabilities :** 12.58 lakhs Equity Shares (10.76%)
- Dividend paid	67.88	54.30	
(g) SPB Projects and Consultancy Limited			**Assets :** Investments in: 0.50 lakhs Equity Shares (16.67%) **Liabilities :** 0.02 lakhs Equity Shares (0.02%) Payable : ₹ 0.12 lakhs
- Reimbursement of expenses	0.68	2.73	
- Engineering and Technical Services	87.68	123.16	
- Dividend received	0.00	0.50	
- Dividend paid	0.11	0.09	

(iii) Remuneration to Chairman, Managing Director and other Whole-time Directors :

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
		₹ lakhs	
Salary	42.00	36.00	36.00
Commission	42.00	36.00	36.00
Contribution to Provident and other Funds	13.71	11.57	11.73
Other Perquisites	0.00	3.78	4.95
Total	**97.71**	**87.35**	**88.68**
(Previous year)	97.71	83.91	89.29

	Year ended 31-3-2017	Year ended 31-3-2016
31 Earnings per Share		
Profit after Tax (₹ lakhs)	12884.47	3557.55
Weighted average no of Shares	12613628	12613628
Basic earnings per share (₹)	102.15	28.20
Diluted earnings per Share (₹)	102.15	28.20

32 Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	6.88	2.56	9.44
(+) Permitted receipts	128.27	90.79	219.06
(-) Permitted payments	0.36	42.31	42.67
(-) Amount deposited in Banks	134.79	48.01	182.80
Closing cash in hand as on 30.12.2016	0.00	3.03	3.03

33 Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards) Rules, 2006:

	Group Gratuity Scheme		Retirement benefit Scheme	
	Company as a whole		Unit : Erode	
	(Funded)	(Funded)	(Non Funded)	
	31-3-2017	31-3-2016	31-3-2017	31-3-2016
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(i) Changes in present value of obligations				
Present Value of Obligations at the beginning of the year	2571.32	2208.53	131.50	114.80
Interest Cost	212.13	184.41	8.94	8.33
Current Service Cost	119.45	115.24	6.81	5.94
Benefits paid	(413.91)	(205.00)	(33.88)	(15.96)
Actuarial (Gain) / Loss on obligations	160.54	268.14	34.81	18.39
Present Value of Obligations at the end of the year	2649.53	2571.32	148.18	131.50

33 Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards) Rules, 2006: (contd.)

		Group Gratuity Scheme		Retirement benefit Scheme	
		Company as a whole		Unit : Erode	
		(Funded)	(Funded)	(Non Funded)	
		31-3-2017	31-3-2016	31-3-2017	31-3-2016
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(ii)	**Changes in the Fair Value of Plan Assets**				
	Fair Value of Plan Assets at the beginning of the year	2558.48	2208.53	0.00	0.00
	Expected Return on Plan Assets	192.76	176.07	0.00	0.00
	Contributions	312.20	391.72	33.88	15.96
	Benefits paid	(413.91)	(205.00)	(33.88)	(15.96)
	Actuarial (Gain) / Loss on Plan Assets	0.00	0.00	0.00	0.00
	Fair Value of Plan Assets at the end of the year	2649.53	2571.32	0.00	0.00
(iii)	**Fair Value of Plan Assets**				
	Fair Value of Plan Assets at the beginning of the year	2558.48	2208.53	0.00	0.00
	Actual Return on Plan Assets	192.76	176.07	0.00	0.00
	Contributions	312.20	391.72	33.88	15.96
	Benefits paid	(413.91)	(205.00)	(33.88)	(15.96)
	Fair Value of Plan Assets at the end of the year	2649.53	2571.32	0.00	0.00
	Funded Status	0.00	0.00	0.00	0.00
	Excess of Actual over estimated return on Plan Assets	0.00	0.00	0.00	0.00
(iv)	**Actuarial Gain / Loss recognised**				
	Actuarial Gain / (Loss) for the year - Obligation	(160.54)	(268.14)	(34.81)	(18.39)
	Actuarial Gain / (Loss) for the year - Plan Assets	0.00	0.00	0.00	0.00
	Total (Gain) / Loss for the year	160.54	268.14	34.81	18.39
	Actuarial (Gain) / Loss recognised in the year	160.54	268.14	34.81	18.39

33 Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards) Rules, 2006: (contd.)

		Group Gratuity Scheme		Retirement benefit Scheme	
		Company as a whole		Unit : Erode	
		(Funded)	(Funded)	(Non Funded)	
		31-3-2017	31-3-2016	31-3-2017	31-3-2016
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(v)	**Amounts to be recognised in the Balance Sheet and statement of Profit and Loss**				
	Present Value of Obligations at the end of the year	2649.53	2571.32	148.18	131.50
	Fair Value of Plan Assets at the end of the year	2649.53	2571.32	0.00	0.00
	Funded Status	0.00	0.00	0.00	0.00
	Net Asset / (Liability) recognised in Balance Sheet	0.00	0.00	(148.18)	(131.50)
(vi)	**Expenses recognised in the statement of Profit and Loss**				
	Current Service Cost	119.45	115.24	6.81	5.94
	Interest Cost	212.13	184.41	8.94	8.33
	Expected Return on Plan Assets	(192.76)	(176.07)	0.00	0.00
	Net Actuarial (Gain) / Loss recognised in the year	160.54	268.14	34.81	18.39
	Expenses recognised in the statement of Profit and Loss	299.36	391.72	50.56	32.66
(vii)	**Actuarial Assumptions**				
	Discount Rate	8.00%	8.00%	6.80%	7.80%
	Expected return on Plan Assets	7.53%	7.97%	Not applicable	Not applicable
	Salary increase	8.00%	8.00%	Not applicable	Not applicable

33 Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards) Rules, 2006: (contd.)

(viii) Experience Adjustments

	Present value of obligation	Plan Assets	Surplus / (Deficit)	Experience adjustments on Plan Liabilities - (Loss) / Gain	Experience adjustments on Plan Assets (Loss) / Gain
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Company as a whole					
(a) Group Gratuity Scheme :					
31-3-2017	**2649.53**	**2649.53**	**0.00**	**160.54**	**0.00**
31-3-2016	2571.32	2571.32	0.00	268.14	0.00
31-3-2015	2208.53	2208.53	0.00	291.84	0.00
Unit : Erode					
(a) Group Gratuity Scheme :					
31-3-2014	1886.08	1886.08	0.00	226.90	0.00
31-3-2013	1720.55	1720.55	0.00	310.18	0.00
(b) Retirement Benefit Scheme :					
31-3-2017	**148.18**	**0.00**	**-148.18**	**-34.81**	**0.00**
31-3-2016	131.50	0.00	-131.50	-18.39	0.00
31-3-2015	114.80	0.00	-114.80	-0.64	0.00
31-3-2014	112.88	0.00	-112.88	-3.30	0.00
31-3-2013	131.82	0.00	-131.82	-0.16	0.00
Unit : Tirunelveli					
(a) Group Gratuity Scheme :					
31-3-2014	25.15	0.00	-25.15	3.75	0.00

Group Gratuity Scheme became applicable for unit : Tirunelveli from 2013-14 which was Non Funded for that year. From 2014-15 onwards the Scheme is funded and is for both Unit: Erode and Unit: Tirunelveli.

Vide our report of date attached

For SURI & CO.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

For S VISWANATHAN LLP
Regn. No.004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

For MAHARAJ N R SURESH AND CO.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
Dr S NARAYAN
A L SOMAYAJI
V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 30, 2017

SESHASAYEE PAPER AND BOARDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017.

		Year ended 31-3-2017		Year ended 31-3-2016	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before taxation		16955.92		5027.99
	Adjustments for:				
	Add:				
	Assets discarded	3.32		12.97	
	Depreciation	3061.91		2875.41	
	Allowance for bad & Doubtful debts	500.00		0.00	
	Exceptional Item	0.00		0.00	
	Interest and financing charges	2128.70		3226.27	
	Effect of changes in Foreign Currency Exchange Rate	27.58		3.00	
			5721.51		6117.65
			22677.43		11145.64
	Less:				
	Income from Investments	89.23		42.11	
	Income from Inter Corporate Deposit & FD	43.78		0.00	
	Profit / Loss on sale of Investments	0.00		0.00	
	Profit / Loss on sale of assets	30.58		1.58	
	Effect of changes in Foreign Currency Exchange Rate	0.00		0.00	
			163.59		43.69
	Operating profit before working capital changes		22513.84		11101.95
	Increase/Decrease in working capital:				
	Increase/Decrease in Inventories	-1489.81		2035.34	
	Increase/Decrease in Sundry Debtors	2286.24		4923.12	
	Increase/Decrease in Other Current Assets	228.83		9491.73	
	Increase/Decrease in Liabilities and Provisions	-1562.47		-16426.22	
			-537.21		23.97
	Income tax paid		-1911.42		46.03
	Net cash from operating activities		20065.21		11171.95
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets		-3308.54		-4556.02
	Purchase of Investments		-200.00		-561.84
	Value of discarded assets		-3.32		-12.97
	Sale / reduction in value of fixed assets		39.30		314.20
	Income from Non-trade Investments		89.23		42.11
	Sale of Investments		0.00		153.79
	Inter Corporate Deposit		-440.00		0.00
	Income from Inter corporate deposit & FD		3.00		0.00
	Net cash used in investing activities		-3820.33		-4620.73

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017(Contd).

	Year ended 31-3-2017 ₹ lakhs	Year ended 31-3-2016 ₹ lakhs
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase / decrease in Unsecured Loans	-628.37	-699.96
Increase/Decrease of Term Loans	-2091.76	870.50
Increase / Decrease in Working Capital Borrowings	-9727.86	-2877.59
Dividend and Dividend tax paid	-759.07	-607.26
Interest and financing charges paid	-2168.20	-3229.27
Net cash from financing activities	-15375.26	-6543.58
Net increase in cash and cash equivalents (I)	869.62	7.64
Cash and cash equivalents as at 31-3-2016 (II)	1038.90	1031.26
Cash and cash equivalents as at 31-3-2017 (I + II)	1908.52	1038.90

Notes:

1 Cash and cash equivalents represent cash in hand and cash with Scheduled Banks.

2 Cash from operating activities has been prepared following the indirect method.

3 Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to ₹ NIL. (Previous year - ₹ NIL).

4 Figures for the previous year have been re-grouped wherever necessary.

Vide our report of date attached

For SURI & CO.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

For S VISWANATHAN LLP
Regn. No.004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

For MAHARAJ N R SURESH AND CO.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
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N GOPALARATNAM
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Dr NANDITHA KRISHNA
Dr S NARAYAN
A L SOMAYAJI
V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 30, 2017

Consolidated Financial Statements for the year ended 31st March 2017

SURI & CO.,
CHARTERED ACCOUNTANTS

M/s S VISWANATHAN LLP
CHARTERED ACCOUNTANTS

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS OF SESHASAYEE PAPER AND BOARDS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED (hereinafter referred to as "the Holding Company") and its Subsidiary (the Holding Company and its Subsidiary together referred to as "the Group") its Associate, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making

those risk assessments, the Auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the Accounting Policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other Auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its Associate as at 31st March, 2017, and their consolidated Profit / Loss and their consolidated cash flows for the year ended on that date.

Other Matters

Financial statements / financial information of M/s Esvi International (Engineers & Exporters) Limited, a wholly owned Subsidiary whose financial statements / financial information reflect total assets of ₹ 256.80 lakhs as at 31st March 2017, total revenues of ₹ 41.78 lakhs and net cash flows amounting to ₹ 101.30 lakhs, for the year ended on that date, as considered in the Consolidated Financial Statements have been audited by one of us. The Consolidated Financial Statements also include the Group's share of Net Profit of ₹ 447.72 lakhs for the year ended 31st March 2017, as considered in the Consolidated Financial Statements, in respect of M/s Ponni Sugars (Erode) Limited, an Associate, whose financial statements / financial information have been audited by one of us.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1 As required by Section143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.

(b) In our opinion, proper books of account, as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept, so far as it appears from our examination of those books and the Reports of the other Auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement, dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2017, taken on record by the Board of Directors of the Holding Company and the Reports of the Statutory Auditors of its Subsidiary Company and Associate Company incorporated in India, none of the Directors of the Group Companies and its Associate Company incorporated in India, is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164(2) of the Act.

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There were no pending litigations which would impact the Consolidated Financial Position of the Group and its Associate.

ii. The Group and its Associate did not have any material foreseeable losses on long-term contracts, including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its Subsidiary Company and Associate Company incorporated in India.

Suri & Co.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

M/s S Viswanathan LLP
Regn. No. 004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SESHASAYEE PAPER AND BOARDS LIMITED.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Seshasayee Paper and Boards Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, its associate company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary company, its associate company which are companies incorporated in India, are 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 (ICAI). 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 the respective 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.

Auditor's 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted

accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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

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 Holding Company, its subsidiary company, its associate company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

Suri & Co.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

M/s S Viswanathan LLP
Regn. No. 004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2017

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

		Note No.	As at 31-03-2017 ₹ lakhs	₹ lakhs	As at 31-03-2016 ₹ lakhs	₹ lakhs
I	**EQUITY AND LIABILITIES**					
1	**Shareholders' Funds**					
	(a) Share Capital	5	1261.36		1261.36	
	(b) Reserves and Surplus	6	56264.66		42975.27	
				57526.02		44236.63
2	**Non Current Liabilities**					
	(a) Long Term Borrowings	7(a)	12287.63		15744.08	
	(b) Deferred Tax Liabilities (net)	7(b)	13444.23		11537.00	
	(c) Other Long Term Liabilities	7(c)	1530.15		1479.05	
	(d) Long Term Provisions	7(d)	1078.23		999.05	
				28340.24		29759.18
3	**Current Liabilities**					
	(a) Short Term Borrowings	8(a)	0.00		9727.86	
	(b) Trade Payables					
	(i) Total Outstanding dues of Micro enterprises and Small enterprises	8(b)	54.92		58.18	
	(ii) Total Outstanding dues of Creditors other than the Micro enterprises and Small enterprises	8(b)	20251.01		21995.61	
	(c) Other Current Liabilities	8(c)	6686.58		6093.71	
	(d) Short Term Provisions	8(d)	927.47		1607.43	
				27919.98		39482.79
	Total			113786.24		113478.60
II	**ASSETS**					
1	**Non Current Assets**					
	(a) Fixed Assets					
	(i) Tangible Assets	9(a)	63752.11		62525.06	
	(ii) Intangible Assets	9(b)	78.33		101.91	
	(iii) Capital Work-in-Progress	9(c)	4072.44		5043.60	
	(b) Non Current Investments	9(d)	5099.57		4711.35	
	(c) Goodwill on Consolidation		1178.01		1178.01	
	(d) Long Term Loans and Advances	9(e)	2783.94		2533.59	
				76964.40		76093.52
2	**Current Assets**					
	(a) Inventories	10(a)	12896.83		11407.02	
	(b) Trade Receivables	10(b)	10659.51		12932.71	
	(c) Cash and Cash Equivalents	10(c)	2011.25		1040.33	
	(d) Short Term Loans and Advances	10(d)	10562.34		11377.70	
	(e) Other Current Assets	10(e)	691.91		627.32	
				36821.84		37385.08
	Total			113786.24		113478.60

Vide our report of date attached

For SURI & CO.,
Firm Regn. No. 004283S

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Membership No. 020583
Partner
Chartered Accountants

For S VISWANATHAN LLP
Regn. No.004770S/S200025

Chella K Srinivasan
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For MAHARAJ N R SURESH AND CO.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
Dr S NARAYAN
A L SOMAYAJI
V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 30, 2017

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

	Particulars	Note No.	Year ended 31-3-2017 ₹ lakhs	₹ lakhs	Year ended 31-3-2016 ₹ lakhs	₹ lakhs
I	**Revenue from operations**					
	Revenue from operations	13	119425.20		107724.77	
	Less : Excise Duty		5907.62		5162.15	
				113517.58		102562.62
II	**Other Income**	14		679.47		428.68
III	**Total Revenue (I + II)**			114197.05		102991.30
IV	**Expenses :**					
	(a) Cost of Materials Consumed	15		56043.92		57259.81
	(b) Purchases of Stock-in-Trade	16		4030.23		2063.39
	(c) Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade	17		(-) 223.75		370.79
	(d) Employee benefits expense	18		7167.68		7956.50
	(e) Finance Costs	19		2158.77		3236.47
	(f) Depreciation and Amortisation expense	9		3067.52		2881.02
	(g) Other Expenses	20		25000.99		24188.21
	Total expenses			97245.36		97956.19
V	**Profit before exceptional and extraordinary items and tax (III - IV)**			16951.69		5035.11
VI	**Exceptional items**			0.00		0.00
VII	**Profit before extraordinary items and tax (V - VI)**			16951.69		5035.11
VIII	**Extraordinary items**			0.00		0.00
IX	**Profit before Tax (VII - VIII)**			16951.69		5035.11
X	**Tax Expense :**					
	(a) Current Tax	21	2171.67		4.72	
	(b) Deferred Tax	22	1907.23		1470.44	
				4078.90		1475.16
XI	**Profit / (Loss) for the period from continuing operations (IX - X)**			12872.79		3559.95
XII	**Profit / (Loss) from discontinuing operations**			0.00		0.00

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd)

	Particulars	Note No.	Year ended 31-3-2017		Year ended 31-3-2016	
			₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
XIII	**Tax expense of discontinuing operations**			0.00		0.00
XIV	**Profit / (Loss) from discontinuing operations after tax (XII - XIII)**			0.00		0.00
XV	**Share of profit / (loss) of associates (net)**			416.60		44.54
XVI	**Profit or (Loss) for the period (XI + XIV+XV)**			13289.39		3604.49
XVII	**Earnings Per Equity Share :**					
	(a) Basic	27		105.36		28.58
	(b) Diluted	27		105.36		28.58

Vide our report of date attached

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Managing Director

Chennai
May 30, 2017

Notes forming part of the Balance Sheet as at 31st March 2017 and Statement of Profit and Loss for the year ended 31st March 2017.

1 SIGNIFICANT ACCOUNTING POLICIES

a) General

The Financial Statements have been prepared on the historical cost convention and in accordance with Generally Accepted Accounting Principles and complying with the applicable Accounting Standards.

b) Property, Plant and Equipment

Property, plant and equipment are tangible items that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than a period of twelve months.

Property, plant and equipment are stated at historical cost after deducting any accumulated depreciation and accumulated impairment losses.

Cost of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Borrowing cost (net of interest earned on temporary investments of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of the assets till the asset is ready for its intended use.

Depreciation is provided under straight-line method in accordance with the provisions of Schedule-II to the Companies Act, 2013.

The residual value and the useful life of assets are reviewed at each financial year end.

The residual Value and useful life of assets, in the opinion of the management are in line with residual value and estimated useful life specified in Scedule II to the Companies Act, 2013.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of an item is recognized and depreciated separately.

c) Investments

Long term Investments are stated at cost.

Current Investments are stated at the lower of cost and fair value.

Any diminution in the value of long term investments is charged off, only if, such a decline is other than temporary, in the opinion of the Management.

d) Inventories

Inventories are assets :

(a) held for sale in the ordinary course of business;

(b) in the process of production for such sale; or

(c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at lower of cost and net realisable value.

Stocks of Raw materials, Stores, Spares and Chemicals are valued at cost on weighted average basis. The cost includes taxes and duties (other than duties and taxes for which CENVAT / VAT credit is available), freight and other direct expenses.

For valuation of Finished Goods / Stock-in-Process, cost includes material, direct labour, overheads (other than selling and administrative overheads), Excise Duty and Education Cess, wherever applicable.

Net Realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessary to make the sale.

e) Government Grants

Government Grants in the nature of Capital Subsidies are credited to Capital Reserve and treated as part of Shareholders' Funds.

f) Borrowing Costs

Borrowing costs (net of interest earned on temporary investment of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets. Other borrowing costs are recognised as expense as and when incurred.

g) Revenue and Expenditure Recognition

Revenue is recognised and expenditure is accounted for on their accrual.

Revenue involving :

(a) Sale of goods is recognised on transfer of all significant risks and rewards of ownership to the customer.

(b) Dividend income is recognised on establishment of the right to receive payment.

(c) Other incomes are recognised when no significant uncertainty on measurability or collectability exists.

h) Intangible Assets

(i) General

Intangible assets are stated at cost less accumulated amortisation.

Computer Software is amortised at 20% on straight line basis over a period of five years.

Know-how is amortised at 10% on straight line basis over a period of ten years.

(ii) Research and Development

Expenditure on Research and Development is charged off as and when incurred.

i) Foreign Exchange Transactions

Transactions in foreign exchange are accounted at the rates prevailing on the date of transactions.

Foreign currency Liabilities / Assets at the close of the year are restated, adopting the year end rates. The resultant difference, if any, is recognised as income or expense in the Statement of Profit and Loss.

Exchange difference, arising on forward contracts, is recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Premium / discount arising on forward contracts are amortized as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense for the period.

j) Employee Benefits

Short term employee benefits, in respect of leave salary, leave travel allowance and reimbursement of medical expenses, the liability has been fully provided on undiscounted basis, in accordance with the Schemes in force.

The contribution to Provident Fund (defined contribution plan), as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, is recognised as expense and remitted to the Provident Fund Commissioner. The contribution to Superannuation Fund (defined contribution plan) is recognised as expense and funded with Life Insurance Corporation of India.

The Company's liability towards retirement benefits, in the form of gratuity (defined benefit plans) and other retirement benefits is worked out on actuarial basis at the end of the year and is provided.

Actuarial gain / loss is recognised in the Statement of Profit and Loss.

k) Impairment of Assets

Impairment loss, if any, is provided to the extent the carrying amount of the assets exceed their recoverable amount.

l) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognised in respect of present obligation requiring settlement by outflow of resources and of which a reliable estimate on the amount of obligation could be made.

Contingent Liabilities are disclosed, unless the possibility of any outflow in settlement is remote, in the notes on accounts. Contingent Assets are neither recognised nor disclosed.

m) Lease

Assets given under finance lease are recognised at the amount equal to net investment in the lease and the finance income is recognised based on rate of return on the net investment of such finance lease.

Lease payments on assets taken on lease are recognised as an expense on a straight line basis over the lease term.

n) Taxes on Income

Taxes on income are accrued in the same period as the revenue and expenses to which they relate. Taxes on income is accounted as per Accounting Standard AS-22 - "Accounting for Taxes on Income". Taxes on income includes, both Current Taxes and Deferred Taxes. Deferred taxes reflect the impact of current year timing differences between the taxable income and accounting income and reversal of timing differences of earlier years. Deferred Tax Assets are recognised only to the extent that there is virtual / reasonable certainty that sufficient future taxable income will be available.

2 SEGMENT

Paper is the only reportable segment of operation of the Company.

3 PRINCIPLES USED IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS

i) In preparing Consolidated Financial Statements, the financial statements of the parent and its subsidiary is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.

ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

iii) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

iv) The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Profit and Loss Statement.

v) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

vi) Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances

4 REGROUPING OF FIGURES

Figures for the previous year have been re-grouped, wherever necessary, to conform to current year's classification.

	As at 31-3-2017 ₹ lakhs	As at 31-3-2016 ₹ lakhs
5 SHARE CAPITAL		
AUTHORISED:		
4 00 00 000 - Equity Shares of ₹ 10 each	4000.00	4000.00
3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each	3000.00	3000.00
	7000.00	7000.00
ISSUED, SUBSCRIBED AND FULLY PAID UP:		
	Value ₹ lakhs	Value ₹ lakhs
1 26 13 628 - Equity Shares of ₹ 10 each, fully paid up	1261.36	1261.36
Total	1261.36	1261.36

(i) Reconciliation of the shares outstanding at the beginning and at the end of the year :

	No. of Shares in lakhs	Value ₹ lakhs	No. of Shares in lakhs	Value ₹ lakhs
At the beginning and end of the year	126.14	1261.36	126.14	1261.36

(ii) Details of shareholders holding more than 5% shares of the Company

	No. of Shares in lakhs	% holding to Equity Capital	No. of Shares in lakhs	% holding to Equity Capital
(a) Tamilnadu Industrial Investment Corporation Limited	18.00	14.27	18.00	14.27
(b) Ponni Sugars (Erode) Ltd	17.68	14.02	17.68	14.02
(c) Synergy Investments Pte Ltd	15.48	12.27	15.48	12.27
(d) Time Square Investments (P) Ltd	12.58	9.97	13.58	10.76
(e) Atyant Capital India Fund I	6.77	5.36	6.77	5.36

(iii) During the period of five years immediately preceding 31.03.2017, 13 63 628 equity shares of ₹ 10 each, fully paid up pursuant to a Scheme of Amalgamation of SPB Papers Limited with the Company were issued for consideration other than cash.

		As at 31-3-2017		As at 31-3-2016	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
6	**RESERVES AND SURPLUS**				
	Capital Reserve				
	As per last Balance Sheet		3715.95		3715.95
	Securities Premium Reserve				
	As per last Balance Sheet		360.00		360.00
	Other Reserves :				
	General Reserve				
	As per last Balance Sheet	33504.00		31004.00	
	Add: Amount transferred from surplus in Statement of Profit and Loss	6500.00		2500.00	
			40004.00		33504.00
	Surplus in Statement of Profit and Loss				
	Balance as per Statement of Profit and Loss of the previous year	5395.32		5049.90	
	Profit for the year	13289.39		3604.49	
		18684.71		8654.39	
	Less :				
	- Transfer to General Reserve	6500.00		2500.00	
	- Proposed Equity Dividend -	0.00		630.68	
	- Tax on proposed Equity Dividend	0.00		128.39	
		6500.00		3259.07	
	Net Surplus in Statement of Profit and Loss (refer Note # 11)		12184.71		5395.32
	Total Reserves and Surplus		56264.66		42975.27

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
7 NON CURRENT LIABILITIES				
(a) Long Term Borrowings				
(i) Term Loans from Banks - Secured				
Unit-Erode :				
Mill Development Plan II-Phase I	**3498.87**		3300.00	
Mill Development Plan II-Phase I-Term Loan including its Current Maturities is Secured by				
(i) Hypothecation of Mill Development Plan II-Phase I assets at Unit: Erode				
(ii) Further to be secured by Mortgage of immovable properties of Unit: Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets) to the extent of ₹ 8500 lakhs.				
Terms of repayment :				
The Term loan of ₹ 4 000 lakhs from Syndicate Bank is repayable in 66 equal monthly installments of ₹ 60.61 lakhs commencing from July 2016				
The Term loan of ₹ 2 000 lakhs from Canara Bank is repayable in 28 Quarterly installments of ₹ 71.40 lakhs commencing from October 2016				
Period and amount of continuing default : Nil				
Unit -Tirunelveli :				
Term Loan	**5135.00**		8269.50	
Term Loan, including its current maturities is secured by:				
a) a charge, by way of mortgage of immovable properties of the Company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit-Tirunelveli and				
b) hypothecation of movables, including movable plant and machinery and book debts of Unit-Tirunelveli.				
Carried over	**8633.87**		11569.50	

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Brought forward	8633.87		11569.50	
Terms of repayment :				
The loan is repayable in quarterly instalments of ₹ 541 lakhs from January 2014 to October 2015, ₹ 756.50 lakhs from January 2016 to October 2017, ₹ 865 lakhs from January 2018 to April 2019 and the balance ₹ 810 lakhs will be paid in July 2019.				
Period and amount of continuing default: Nil				
Mill Expansion Plan	1780.00		2,000.00	
		10413.87		13569.50
Mill Expansion Plan Term Loan including its current maturities is secured by:				
a) a charge, by way of mortgage of immovable properties of the company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit-Tirunelveli and				
b) hypothecation of movables, including movable plant and machinery of Unit-Tirunelveli.				
Terms of repayment :				
The loan of ₹ 6000 lakhs is repayable in quarterly installments of ₹ 220 lakhs from December 2016 to June 2023 and the balance ₹ 60 lakhs will be paid in September 2023.				
Period and amount of continuing default : Nil				
(ii) Other Loans and Advances :				
Interest Free Sales Tax Loan - Unsecured		1873.76		2174.58
Terms of repayment :				
Interest Free Sales Tax Deferral Loan is repayable over a period of ten years from 01 06 2013.				
Period and amount of continuing default: Nil				
		12287.63		15744.08

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(b) Deferred Tax Liabilities (net)		13444.23		11537.00
		13444.23		11537.00

Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in :

	Current year	Upto 31-3-2017
	₹ lakhs	₹ lakhs
- Depreciation	(+) 1921.90	(-) 13538.23
- Others	(-) 14.67	(+) 94.00
- Total	**(+) 1907.23**	**(-) 13444.23**

(c) Other Long Term Liabilities				
Trade Payables :				
Security Deposit from Dealers		1530.15		1479.05
		1530.15		1479.05
(d) Long Term Provisions				
Provision for Employee Benefits		114.10		95.35
Provision for Generation Tax		964.13		903.70
		1078.23		999.05

8 CURRENT LIABILITIES

(a) Short Term Borrowings				
Working Capital Borrowings from Banks				
Unit-Erode		0.00		4605.61

Secured by:

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit-Erode and
- second charge, by way of mortgage of immovable properties of Unit-Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings excluding the assets created out of MDP II Phase I Project and exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets to the extent of ₹ 8500 lakhs.

Carried over	0.00	4605.61

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Brought forward	0.00		4605.61	
Unit-Tirunelveli :	0.00		5122.25	
		0.00		9727.86
Secured by:				
- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit-Tirunelveli and				
- second charge, on the fixed assets of Unit-Tirunelveli.				
Period and amount of continuing default : Nil				
		0.00		9727.86
(b) Trade Payables				
Total Outstanding dues of Micro enterprises and Small enterprises		54.92		58.18
Total Outstanding dues of Creditors other than the Micro enterprises and Small enterprises		20251.01		21995.61
		20305.93		22053.79
Notes :				
Disclosure requirement relating to Micro, Small and Medium Enterprises is as follows :				
Principal amount due as on March 31		54.92		58.18
Interest due and unpaid on the above as on March 31		0.00		0.00
Interest paid		0.00		0.00
Interest due and payable		0.00		0.00
Interest accrued and remaining unpaid as on March 31		0.00		0.00
Amount of further interest remaining due and payable in the succeeding years		0.00		0.00
(c) Other Current Liabilities				
Current maturities of long term loans	5388.67		4712.35	
Interest accrued but not due on borrowings	30.93		42.85	
Interest accrued and due on borrowings	0.00		46.36	
Unclaimed dividend	82.33		75.92	
		5501.93		4877.48
Rent Deposits		21.30		21.30
Others :				
- Tax deducted / collected at source and Value Added Tax		539.65		650.10
- Others		623.70		544.83
		6686.58		6093.71

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(d) Short Term Provisions				
Provision for Employee Benefits		927.47		848.36
Others :				
- Dividend Payable	0.00		630.68	
- Tax on Dividend Payable	0.00		128.39	
		0.00		759.07
		927.47		1607.43

9. FIXED ASSETS (PROPERTY, PLANT AND EQUIPMENT)

PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE	
	As at 1-4-2016	Additions For the Year	Deductions/ Adjustments	As at 31-3-2017	Upto 31-3-2016	For the Year	Withdrawn/ Adjustments	Upto 31-3-2017	As at 31-3-2017	As at 31-3-2016
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(a) TANGIBLE ASSETS										
LAND	422.61	0.00	0.00	422.61	0.00	0.00	0.00	0.00	422.61	422.61
BUILDINGS										
- LEASEHOLD	20.51	0.00	0.00	20.51	6.99	0.32	0.00	7.31	13.20	13.52
- OTHERS	13138.59	83.31	0.00	13221.90	3728.90	404.39	0.00	4133.29	9088.61	9409.69
PLANT AND EQUIPMENTS	88617.93	4126.28	51.00	92693.21	36326.13	2551.29	47.33	38830.09	53863.12	52291.80
FURNITURE AND FIXTURES	735.45	5.57	32.59	708.43	562.37	12.31	31.00	543.68	164.75	173.08
VEHICLES	297.87	35.98	18.46	315.39	169.87	28.22	15.02	183.07	132.32	128.00
OFFICE EQUIPMENTS	581.30	25.53	0.00	606.83	494.94	44.39	0.00	539.33	67.50	86.36
	103814.26	4276.67	102.05	107988.88	41289.20	3040.92	93.35	44236.77	63752.11	62525.06
PREVIOUS YEAR	107546.74	**850.91**	**4583.39**	**103814.26**	42705.55	**2854.42**	**4270.77**	**41289.20**	**62525.06**	64841.19
(b) INTANGIBLE ASSETS										
TECHNICAL KNOW-HOW	258.60	0.00	0.00	258.60	164.74	25.86	0.00	190.60	68.00	93.86
COMPUTER SOFTWARE	26.18	3.03	1.43	27.78	18.13	0.74	1.42	17.45	10.33	8.05
	284.78	3.03	1.43	286.38	182.87	26.60	1.42	208.05	78.33	101.91
PREVIOUS YEAR	283.53	**1.25**	**0.00**	**284.78**	156.27	**26.60**	**0.00**	**182.87**	**101.91**	127.26
(c) CAPITAL WORK-IN-PROGRESS -										
AT COST									4072.44	5043.60
TOTAL	104099.04	4279.70	103.48	108275.26	41472.07	3067.52	94.77	44444.82	67902.88	67670.57
PREVIOUS YEAR	107830.27	852.16	4583.39	104099.04	42861.82	2881.02	4270.77	41472.07	67670.57	66308.19

Interest on Mill Development Plan II-Phase I and MEP Term Loan amounts to ₹ 534.84 lakhs have been capitalised during the year (Previous year- ₹ 388.53 lakhs).

Capital Work in Progress includes ₹ 336.84 lakhs Interest capitalised during the year. (Previous year ₹ 381.97 lakhs)

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(d) Non Current Investments				
NON-TRADE				
IN EQUITY INSTRUMENTS - FULLY PAID:				
Quoted:				
2 65 830 Equity Shares of ₹ 2 each in Housing Development Finance Corporation Limited		7.09		7.09
2 500 Equity Shares of ₹ 2 each in HDFC Bank Limited		0.05		0.05
1 14 080 Equity Shares of ₹ 10 each in IDBI Bank Limited		91.07		91.07
2 82 911 Equity Shares of ₹ 10 each in High Energy Batteries (India) Limited		387.15		387.15
TRADE				
IN EQUITY INSTRUMENTS - FULLY PAID:				
Quoted:				
23 60 260 Equity Shares of ₹ 10 each in Ponni Sugars (Erode) Limited (Associate)	3675.14		3703.52	
Add				
Goodwill on acquisition	448.61		448.61	
Share of profit / (loss) (net)	371.40		-45.20	
Carrying amount of Investment		4495.15		4106.93
1 00 000 Equity Shares of ₹ 10 each in Tamilnadu Newsprint and Papers Limited		106.70		106.70
Unquoted:				
4 100 Equity Shares of ₹ 10/- each in Esvin Advanced Technologies Limited		0.61		0.61
50 000 Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited		5.23		5.23
10 000 Equity Shares of ₹ 10 each in OPG Energy Private Limited		1.00		1.00
55 000 Equity Shares of ₹ 10 each in Time Square Investments Private Limited		5.52		5.52
		5099.57		4711.35

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Aggregate amount of :				
Quoted Investments				
- Cost		4267.20		4295.58
- Market Value		9951.84		8675.56
Unquoted Investments				
- Cost		12.36		12.36
(e) Long Term Loans and Advances				
Capital Advances - Unsecured - Considered Good		744.54		109.96
Security Deposits - Unsecured - Considered Good		789.40		673.63
Other Loans and Advances :				
Unsecured - Considered Good - Related Party				
- SPB Equity Shares Trust - 5 68 181 shares		1250.00		1250.00
Unsecured - considered bad & doubtful				
- Inter Corporate Loans	500.00		500.00	
Less : Allowance for doubtful debts	500.00		0.00	
		0.00		500.00
		2783.94		**2533.59**
10 CURRENT ASSETS				
(a) Inventories				
Raw Materials		5455.15		4055.39
Stock-in-Process		530.05		760.90
Finished Goods		0.00		0.00
Stores, Spares, Chemicals and others		6335.77		6469.47
Stock-in-Trade		575.86		121.26
[For method of valuation, please refer to Note No. 1(d)]				
		12896.83		**11407.02**

		As at 31-3-2017		As at 31-3-2016	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(b)	**Trade Receivables**				
	Secured - Considered Good :				
	Exceeding six months	445.69		544.23	
	Other debts	1596.27		1474.97	
			2041.96		2019.20
	Unsecured - Considered Good :				
	Exceeding six months	410.46		461.89	
	Other debts	8207.09		10451.62	
			8617.55		10913.51
	Doubtful :				
	Exceeding six months	8.80		8.80	
	Less : Allowance for doubtful debts	8.80		8.80	
			0.00		0.00
			10659.51		12932.71
(c)	**Cash and Cash Equivalents**				
	Bank balances		1827.88		946.97
	Cash on hand		22.72		16.73
	Other Bank Balances :				
	Unclaimed Dividend Account		82.33		75.92
	In Fixed Deposit		77.61		0.00
	In Deposit Account offered as security				
	More than 12 months		0.71		0.71
			2011.25		1040.33
(d)	**Short Term Loans and Advances**				
	Others :				
	Unsecured - Considered Good				
	- Inter Corporate Loans	540.00		100.00	
	- Prepaid expenses	219.93		158.67	
	- Balances in Current Account with Central Excise Department and Port Trust	1748.61		2539.06	
	- Tax payments pending adjustments (net)	195.28		1652.21	
	- MAT Credit Entitlement	5953.35		4749.86	
	- Advance to Suppliers	452.42		626.75	
	- Others	1452.75		1551.15	
			10562.34		11377.70
			10562.34		11377.70
(e)	**Other Current Assets**				
	Others		691.91		627.32
			691.91		627.32

	As at 31-3-2017		As at 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
11 Contingent Liabilities and Commitments not provided for				
(i) Contingent Liabilities :				
(a) Claims against the Company not acknowledged as debts				
(1) Demands relating to Central Excise, Customs duty, Service Tax and VAT contested before Appellate Authorities		**431.58**		512.87
(2) Demands relating to dispute regard to classification of coal contested before Appellate Authorities		**2164.17**		2164.17
(3) Demands relating to water drawal arrangement contested before Appellate Authorities		**1465.57**		1397.71
(4) Demands relating to Interest on Generation Tax contested before Appellate Authorities		**718.67**		701.30
(5) Income Tax demand contested before Appellate Authorities		**12.78**		769.52
(6) Others-				
Demand contested before Appellate Authorities and others		**490.29**		499.76
(b) Guarantees		**6.73**		9.00
(ii) Commitments :				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		**1438.33**		190.14
12 Dividend Proposed to be distributed				
Amount per Equity Share ₹ 10 per Equity Share		**1261.36**		630.68
(Previous year - ₹ 5 per Equity Share)				
Tax on proposed Equity Dividend		**256.78**		128.39
Pursuant to the Accounting Standard 4 revised by MCA Notification dated 30th March 2016, proposed dividend on equity shares and corporate tax on dividend being non adjusting events at the balance sheet date are not recognised as liabilities.				

		As at 31-3-2017		As at 31-3-2016	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
	Consequently, the balance in Statement of Profit and Loss is higher by ₹ 1518.14 lakhs and Short term provisions is lower by an equivalent amount. This however has no impact on the profit for the year.				
13	**Revenue from operations**				
	(a) Sale of Paper and Paper Boards		**113914.65**		102389.53
	(b) Sale of Note Books		**0.00**		1582.60
	(c) Sale of Stock-in-Trade		**3736.33**		2135.33
	(d) Sale of Services-Rent		**38.34**		37.28
	(e) Other Operating Income		**1735.88**		1580.03
			119425.20		107724.77
14	**Other Income**				
	(a) Interest income		**481.30**		257.25
	(b) Dividend Income - Long term Investments		**60.91**		42.14
	(c) Other Non Operating Income		**137.26**		129.29
			679.47		428.68
15	**Cost of Materials Consumed**				
	(a) Raw Materials				
	(i) Wood	**24842.74**		26027.39	
	(ii) Bagasse	**1352.46**		1678.25	
	(iii) Purchased Pulp	**9278.10**		11305.60	
	(iv) Waste Paper	**1167.00**		687.02	
		36640.30		39698.26	
	Feeding and Other Charges	**537.44**		626.63	
			37177.74		40324.89
	(b) Stores and Chemicals		**17410.74**		15533.94
	(c) Packing Materials		**1455.44**		1400.98
			56043.92		57259.81
16	**Purchases of Stock-in-Trade**				
	(a) Note Books		**1570.68**		0.00
	(b) Petroleum Products		**2459.55**		2063.39
			4030.23		2063.39

		Year ended 31-3-2017		Year ended 31-3-2016	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
17	**Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade**				
	Closing Stock :				
	(a) Finished Goods	0.00		0.00	
	(b Stock-in-Trade	575.86		121.26	
	(c) Stock-in-Process	530.05		760.90	
			1105.91		882.16
	Opening Stock :				
	(a) Finished Goods	0.00		510.01	
	(b) Stock-in-Trade	121.26		130.94	
	(c) Stock-in-Process	760.90		612.00	
			882.16		1252.95
			(-) 223.75		370.79
18	**Employee benefits expense**				
	(a) Salaries and Wages		5605.54		6458.03
	(b) Contribution to Provident and other Funds		901.02		882.77
	(c) Employee Welfare Expenses		661.12		615.70
			7167.68		7956.50
19	**Finance Costs**				
	(a) Interest expense		2053.79		3163.07
	(b) Other borrowing costs		77.40		70.40
	(c) Net gain / loss on foreign currency transaction		27.58		3.00
			2158.77		3236.47
20	**Other Expenses**				
	(a) Power and Fuel				
	(i) Purchased Power	1987.36		3789.18	
	(ii) Consumption of Fuel	9676.63		9210.68	
	(iii) Generation Tax	331.13		180.18	
			11995.12		13180.04
	(b) Rent		136.91		141.82
	(c) Rates and Taxes		150.08		152.40
	(d) Insurance		225.95		206.65
	(e) Repairs and Maintenance				
	(i) Buildings	433.58		445.64	
	(ii) Plant and Machinery	2943.52		2199.33	
	(iii) Others	132.81		125.22	
			3509.91		2770.19
	Carried over		16017.97		16451.10

		Year ended 31-3-2017		Year ended 31-3-2016	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
	Brought forward		16017.97		16451.10
	(f) Selling and Distribution Expenses				
	(i) Distributors' Commission	552.20		532.28	
	(ii) Cash Discount	2093.08		1750.22	
	(iii) Forwarding Charges	3895.12		3421.12	
			6540.40		5703.62
	(g) Conversion Charges		81.31		355.05
	(h) Office and Administrative Expenses		1150.49		1076.33
	(i) Miscellaneous Expenses		1210.82		602.11
			25000.99		24188.21
21	**Current Tax**				
	(a) Current Tax - MAT	3597.75		1064.21	
	(b) MAT Credit Entitlement	-1426.08		-1059.49	
			2171.67		4.72
			2171.67		4.72
22	**Deferred Tax**				
	On account of variation of allowances for tax purposes in :				
	(a) Depreciation	1921.90		1449.72	
	(b) Others	-14.67		20.72	
			1907.23		1470.44
			1907.23		1470.44
23	**Payments to the Auditors**				
	(included under Note No. 20)				
	(a) As Auditor		18.29		18.29
	(b) For Taxation matters		7.46		3.27
	(c) For Certification Work		6.37		5.16
	(d) For Reimbursement of Expenses		0.76		0.65
			32.88		27.37

24 In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been obtained.

All Lease agreements are cancellable at the option of the Company

25 Disclosure of Related Party transactions, as required under Accounting Standard (AS) 18

(i) Name of the Related Parties and description of relationship between the parties :

a) Control

- SPB Equity Shares Trust

b) Presumption of significant influence

- Ponni Sugars(Erode) Limited (PEL)
- SPB Projects and Consultancy Limited (SPB-PC)
- Time Square Investments Private Limited (TSI)
- Dhanashree Investments Private Limited (DSI)
- Ultra Investments and Leasing Co. Private Limited (UIL)

c) Key Management Personnel

- Sri N Gopalaratnam, Chairman
- Sri K S Kasi Viswanathan, Managing Director
- Sri V Pichai, Deputy Managing Director & Secretary

(ii) Transaction details :

	Transaction amount ₹ lakhs		Amount outstanding on 31-3-2017
	2016-17	2015-16	
(a) Ponni Sugars (Erode) Limited:			**Assets :**
			Investments in:
- Purchase of Bagasse	1154.09	1587.74	23.65 lakhs Equity
- Purchase of Sugar	7.82	6.25	Shares (27.51%)
- Sale of fuel	937.93	1569.97	
- Sale of Paper, Water	6.23	5.22	Receivables :
- Dividend paid	88.41	70.73	₹ 243.02 lakhs
- Dividend received	28.38	0.00	
- Other transactions (Net Debit)	63.63	61.59	**Liabilities :**
- Investment made	0.00	561.85	17.68 lakhs Equity Shares (14.02%)
(b) SPB Equity Shares Trust			
			Assets :
- Dividend received	0.00	22.73	Loans and Advaces
- Dividend paid	28.41	22.73	₹1250 lakhs represented by 5 68 181 shares alloted on amalgamation of SPB Papers Limited and held in Trust for the Company (Market Value ₹ 4436.93 lakhs)
			Liabilities :
			5 68 181 Equity Shares (4.50%)

(ii) Transaction details (Contd.) :

	Transaction amount ₹ lakhs		Amount outstanding on 31-3-2017
	2016-17	2015-16	
(c) Dhanashree Investments Private Limited			**Liabilities :**
- Rent and amenity charges	**3.60**	3.60	5.90 lakhs Equity
- Dividend paid	**29.51**	23.60	Shares (4.68%)
(d) Ultra Investments and Leasing Co. Private Limited			**Liabilities :**
- Reimbursement of expenses	**0.28**	0.48	1.85 lakhs Equity
- Dividend paid	**9.26**	7.41	Shares (1.47%)
(e) Time Square Investments Private Limited			**Assets :** Investments in:
- Dividend paid	**67.88**	54.30	0.55 lakhs Equity Shares (5.71%) **Liabilities :** 12.58 lakhs Equity Shares (9.97%)
(f) SPB Projects and Consultancy Limited			**Assets :** Investments in:
- Reimbursement of expenses	**0.68**	2.73	0.52 lakhs Equity
- Engineering and Technical Services	**87.68**	123.16	Shares (17.42%)
- Dividend received	**0.00**	0.50	
- Dividend paid	**0.11**	0.09	**Liabilities :**
- Rent received	**27.00**		0.02 lakhs Equity
- Term Loan repaid	**60.00**		Shares (0.02%)
- Interest on Term Loan	**46.36**		Payable : ₹ 7.67 lakhs

(iii) Remuneration to Chairman, Managing Director and Whole-time Director :

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
		₹ lakhs	
Salary	42.00	36.00	36.00
Commission	42.00	36.00	36.00
Contribution to Provident and other Funds	13.71	11.57	11.73
Other Perquisites	0.00	3.78	4.95
Total	**97.71**	**87.35**	**88.68**
(Previous year)	97.71	83.91	89.29

26 Name of the entity	**Net Assets,i.e.,total assets minus total liabilities**		**Share in profit or loss**	
	As % of consolidated net assets	Amount (₹ lakhs)	**As % of consolidated profit or loss**	Amount (₹ lakhs)
Wholly owned Subsidiary				
- Esvi International (Engineers & Exporters) Limited (ESVIN)	**0.41**	234.77	**0.13**	16.70
Associate				
- Ponni Sugars(Erode) Limited (PEL)	**7.81**	4495.15	**3.13**	416.60

	Year ended 31 03 2017	Year ended 31 03 2016
27 Earnings per Share		
Profit after Tax (₹ lakhs)	13289.39	3604.49
Weighted average no of Shares	12613628	12613628
Basic earnings per share (₹)	105.36	28.58
Diluted earnings per Share (₹)	105.36	28.58

28. Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08 11 2016	6.94	2.57	9.51
(+) Permitted receipts	128.27	90.89	219.16
(-) Permitted payments	0.36	42.34	42.70
(-) Amount deposited in Banks	134.85	48.01	182.86
Closing cash in hand as on 30 12 2016	0.00	3.11	3.11

29. Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards)Rules, 2006 :

		Group Gratuity Scheme Company as a whole (Funded)		Retirement benefit Scheme Unit : Erode (Non Funded)	
		31-3-2017	31-3-2016	31-3-2017	31-3-2016
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(i)	**Changes in present value of obligations**				
	Present Value of Obligations at the beginning of the year	2571.32	2208.53	131.50	114.80
	Interest Cost	212.13	184.41	8.94	8.33
	Current Service Cost	119.45	115.24	6.81	5.94
	Benefits paid	(413.91)	(205.00)	(33.88)	(15.96)
	Actuarial (Gain) / Loss on obligations	160.54	268.14	34.81	18.39
	Present Value of Obligations at the end of the year	2649.53	2571.32	148.18	131.50
(ii)	**Changes in the Fair Value of Plan Assets**				
	Fair Value of Plan Assets at the beginning of the year	2558.48	2208.53	0.00	0.00
	Expected Return on Plan Assets	192.76	176.07	0.00	0.00
	Contributions	312.20	391.72	33.88	15.96
	Benefits paid	(413.91)	(205.00)	(33.88)	(15.96)
	Actuarial (Gain) / Loss on Plan Assets	0.00	0.00	0.00	0.00
	Fair Value of Plan Assets at the end of the year	2649.53	2571.32	0.00	0.00
(iii)	**Fair Value of Plan Assets**				
	Fair Value of Plan Assets at the beginning of the year	2558.48	2208.53	0.00	0.00
	Actual Return on Plan Assets	192.76	176.07	0.00	0.00
	Contributions	312.20	391.72	33.88	15.96
	Benefits paid	(413.91)	(205.00)	(33.88)	(15.96)
	Fair Value of Plan Assets at the end of the year	2649.53	2571.32	0.00	0.00
	Funded Status	0.00	0.00	0.00	0.00
	Excess of Actual over estimated return on Plan Assets	0.00	0.00	0.00	0.00

29. Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards)Rules, 2006 : (Contd)

		Group Gratuity Scheme Company as a whole (Funded)		Retirement benefit Scheme Unit : Erode (Non Funded)	
		31-3-2017	31-3-2016	31-3-2017	31-3-2016
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(iv)	**Actuarial Gain / Loss recognised**				
	Actuarial Gain / (Loss) for the year - Obligation	(160.54)	(268.14)	(34.81)	(18.39)
	Actuarial Gain / (Loss) for the year - Plan Assets	0.00	0.00	0.00	0.00
	Total (Gain) / Loss for the year	160.54	268.14	34.81	18.39
	Actuarial (Gain) / Loss recognised in the year	160.54	268.14	34.81	18.39
(v)	**Amounts to be recognised in the Balance Sheet and statement of Profit and Loss**				
	Present Value of Obligations at the end of the year	2649.53	2571.32	148.18	131.50
	Fair Value of Plan Assets at the end of the year	2649.53	2571.32	0.00	0.00
	Funded Status	0.00	0.00	0.00	0.00
	Net Asset / (Liability) recognised in Balance Sheet	0.00	0.00	(148.18)	(131.50)
(vi)	**Expenses recognised in the statement of Profit and Loss**				
	Current Service Cost	119.45	115.24	6.81	5.94
	Interest Cost	212.13	184.41	8.94	8.33
	Expected Return on Plan Assets	(192.76)	(176.07)	0.00	0.00
	Net Actuarial (Gain) / Loss recognised in the year	160.54	268.14	34.81	18.39
	Expenses recognised in the statement of Profit and Loss	299.36	391.72	50.56	32.66
(vii)	**Actuarial Assumptions**				
	Discount Rate	8.00%	8.00%	6.80%	7.80%
	Expected return on Plan Assets	7.53%	7.97%	Not applicable	Not applicable
	Salary increase	8.00%	8.00%	Not applicable	Not applicable

29. Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards)Rules, 2006 : (Contd)

(viii) Experience Adjustments

	Present value of obligation	Plan Assets	Surplus / (Deficit)	Experience adjustments on Plan Liabilities - (Loss) / Gain	Experience adjustments on Plan Assets (Loss) / Gain
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Company as a whole					
(a) Group Gratuity Scheme :					
31-3-2017	**2649.53**	**2649.53**	**0.00**	**160.54**	**0.00**
31-3-2016	2571.32	2571.32	0.00	268.14	0.00
31-3-2015	2208.53	2208.53	0.00	291.84	0.00
Unit : Erode					
(a) Group Gratuity Scheme :					
31-3-2014	1886.08	1886.08	0.00	226.90	0.00
31-3-2013	1720.55	1720.55	0.00	310.18	0.00
(b) Retirement Benefit Scheme :					
31-3-2017	**148.18**	**0.00**	**-148.18**	**-34.81**	**0.00**
31-3-2016	131.50	0.00	-131.50	-18.39	0.00
31-3-2015	114.80	0.00	-114.80	-0.64	0.00
31-3-2014	112.88	0.00	-112.88	-3.30	0.00
31-3-2013	131.82	0.00	-131.82	-0.16	0.00
Unit : Tirunelveli					
(a) Group Gratuity Scheme :					
31-3-2014	25.15	0.00	-25.15	3.75	0.00

Group Gratuity Scheme became applicable for unit : Tirunelveli from 2013-14 which was Non Funded for that year. From 2014-15 onwards the Scheme is funded and is for both Unit: Erode and Unit: Tirunelveli.

Vide our report of date attached

For SURI & CO.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

For S VISWANATHAN LLP
Regn. No.004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

For MAHARAJ N R SURESH AND CO.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
Dr S NARAYAN
A L SOMAYAJI
V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 30, 2017

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

	Year ended 31-3-2017		Year ended 31-3-2016	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation		16951.68		5035.11
Adjustments for:				
Add:				
Assets discarded	3.32		12.97	
Depreciation	3067.52		2881.02	
Allowance for bad & Doubtful debts	500.00		0.00	
Interest and financing charges	2131.19		3233.47	
Effect of changes in Foreign Currency Exchange Rate	27.58		3.00	
		5729.61		6130.46
		22681.29		11165.57
Less:				
Income from Investments	60.90		42.14	
Income from Inter Corporate Deposit & FD	43.78		0.00	
Profit / Loss on sale of Investments	0.00		0.00	
Profit / Loss on sale of assets	30.58		1.58	
Effect of changes in Foreign Currency Exchange Rate	0.00		0.00	
		135.26		43.72
Operating profit before working capital changes		22546.03		11121.85
Increase/Decrease in working capital:				
Increase/Decrease in Inventories	-1489.81		2035.34	
Increase/Decrease in Sundry Debtors	2272.13		4916.67	
Increase/Decrease in Other Current Assets	228.83		9491.73	
Increase/Decrease in Liabilities and Provisions	-1563.64		-16429.46	
		-552.49		14.28
Income tax paid		-1918.24		41.22
Net cash from operating activities		20075.30		11177.35
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		-3308.54		-4556.02
Purchase of Investments		0.00		-561.84
Value of discarded assets		-3.32		-12.97

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

	Year ended 31-3-2017 ₹ lakhs	Year ended 31-3-2016 ₹ lakhs
B. CASH FLOW INVESTING ACTIVITIES (Contd.)		
Sale / reduction in value of fixed assets	**39.30**	314.23
Income from Non-trade Investments	**89.29**	42.11
Sale of Investments	**0.00**	153.79
Inter Corporate Deposit	**-440.00**	0.00
Income from Inter corporate deposit & FD	**3.00**	0.00
Net cash used in investing activities	**-3620.27**	-4620.70
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / decrease in Unsecured Loans	**-688.37**	-699.96
Increase/Decrease of Term Loans	**-2091.76**	870.50
Increase / Decrease in Working Capital Borrowings	**-9727.86**	-2877.59
Dividend and Dividend tax paid	**-759.07**	-607.26
Interest and financing charges paid	**-2217.05**	-3236.47
Net cash from financing activities	**-15484.11**	-6550.78
Net increase in cash and cash equivalents (I)	**970.92**	5.87
Cash and cash equivalents as at 31-3-2016 (II)	**1040.33**	1034.46
Cash and cash equivalents as at 31-3-2017 (I + II)	**2011.25**	1040.33

Notes:

1. Cash and cash equivalents represent cash in hand and cash with Scheduled Banks.
2. Cash from operating activities has been prepared following the indirect method.
3. Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to ₹ NIL. (Previous year - ₹ NIL).
4. Figures for the previous year have been re-grouped wherever necessary.

Vide our report of date attached

For SURI & CO.,
Firm Regn. No. 004283S

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

For S VISWANATHAN LLP
Regn. No.004770S/S200025

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

For MAHARAJ N R SURESH AND CO.,
Firm Regn. No. 001931S

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2017

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
Dr S NARAYAN
A L SOMAYAJI
V SRIDAR
Directors

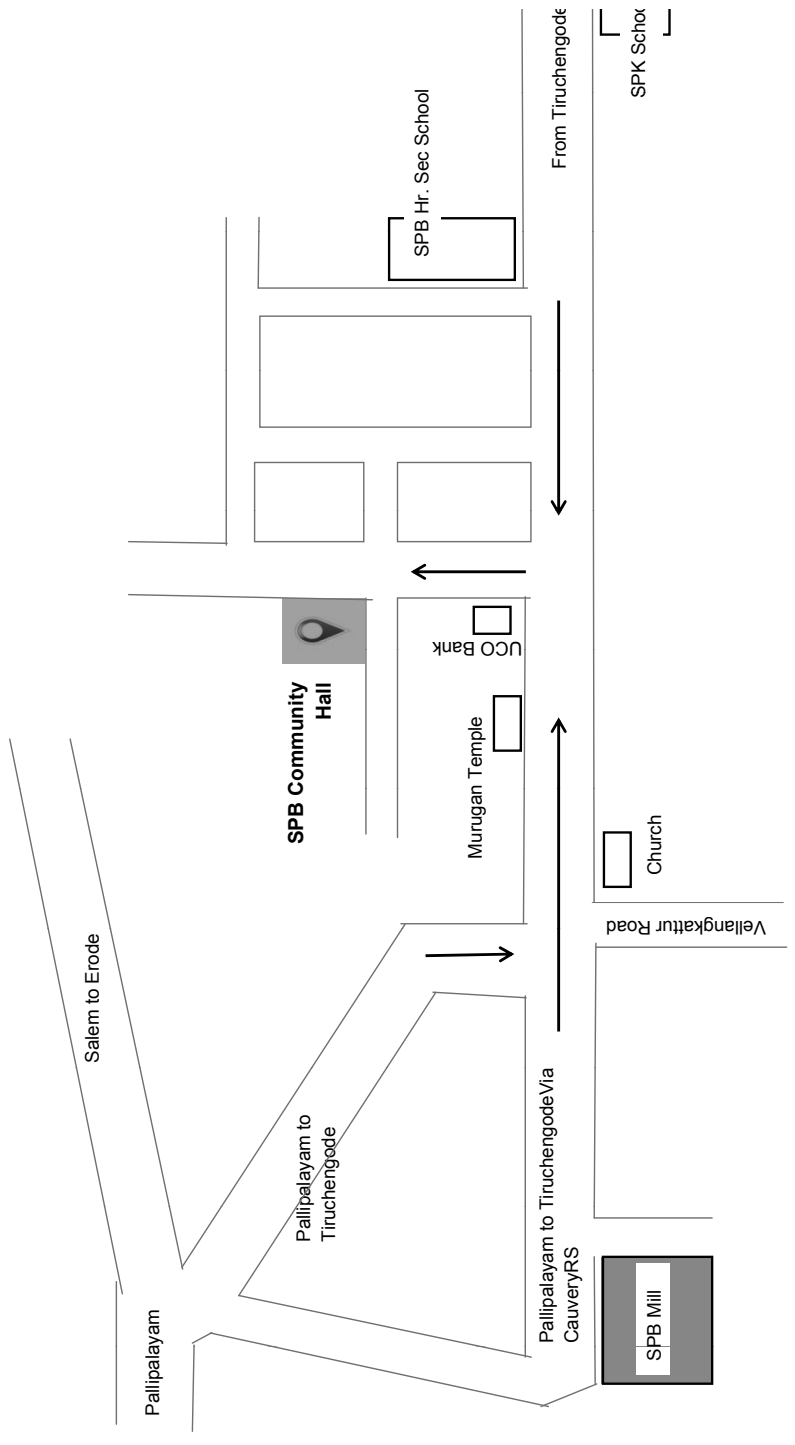
K S KASI VISWANATHAN
Managing Director

Financial Highlights - Ten years at a glance

(₹ lakhs)

For the year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Revenue	54860	56199	53770	59721	64375	88223	106950	107405	108740	120092
Total Expendtiure	46570	49479	41598	48079	54021	77216	94058	97892	97607	97918
PBIDT	8290	6720	12172	11642	10354	11007	12892	9513	11133	22174
Finance Costs	497	1700	2840	2165	2432	4446	3871	3721	3229	2156
Depreciation & Exceptional Item	1742	2629	3361	3400	3426	4914	4897	3251	2876	3062
PBT	6051	2391	5971	6077	4496	1647	4124	2541	5028	16956
Tax expense	1472	888	1978	-423	1086	-404	1445	806	1470	4071
PAT	4579	1503	3993	6500	3410	2051	2679	1735	3558	12885
EPS - ₹	40.70	13.36	35.49	57.78	30.31	16.26	21.24	13.75	28.20	102.15
Cash EPS - ₹	63.21	44.36	82.95	84.24	60.04	52.02	71.52	45.92	62.65	141.55
Dividend - %	40	35	60	50	50	40	40	40	50	100
As at the year end										
Gross Block	69415	74367	75411	76498	77098	107817	107074	108886	108858	112063
Net Block	50453	52795	50578	48345	45574	71483	67524	66179	67547	67785
Loan Funds	34076	37042	32540	39755	21970	43477	39010	32886	34454	17707
Net Worth	18211	19253	22459	28305	31061	36324	38413	39299	42098	54982
Book Value per Share - ₹	162	171	200	252	276	288	305	312	334	436

Route Map for the venue of AGM



SESHASAYEE PAPER AND BOARDS LIMITED

CIN: L21012TZ1960PLC000364
Regd. Office: Pallipalayam, Namakkal District, Cauvery RS PO, Erode-638 007
Ph : 04288 240221 - 228, Fax : 04288 240229 Email: investor@spbltd.com Web: www.spbltd.com

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ Lakhs)

Sl No.	Particulars	Standalone					Consolidated	
		3 months ended			Year ended		Year ended	
		31 03 2017	31 12 2016	31 03 2016	31 03 2017	31 03 2016	31 03 2017	31 03 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
I	**Revenue from operations**	33593	31355	35228	119387	108312	119425	108349
II	**Other Income**	247	231	147	705	428	680	429
III	**Total Revenue (I + II)**	**33840**	**31586**	**35375**	**120092**	**108740**	**120105**	**108778**
IV	**Expenses**							
	a) Cost of Materials consumed	13718	14455	12934	56044	57260	56044	57260
	b) Purchase of Stock-in-Trade	977	670	532	4030	2063	4030	2063
	c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2815	714	8144	(-) 224	371	(-) 224	371
	d) Excise Duty	1578	1494	1454	5908	5162	5908	5162
	e) Employee benefits expense	1559	1813	2334	7168	7957	7168	7957
	f) Finance Costs	589	460	725	2156	3229	2159	3236
	g) Depreciation and amortization expense	617	818	619	3062	2875	3067	2881
	h) Cost of Power and Fuel	3151	2975	3194	11995	13180	11995	13180
	i) Other expenses	3563	3355	2893	12997	11615	13006	11633
	Total expenses	**28567**	**26754**	**32829**	**103136**	**103712**	**103153**	**103743**
V	**Profit before exceptional and extraordinary items and Tax (III - IV)**	**5273**	**4832**	**2546**	**16956**	**5028**	**16952**	**5035**
VI	Exceptional Items	—	—	—	—	—	—	—
VII	**Profit before extraordinary items and Tax (V - VI)**	**5273**	**4832**	**2546**	**16956**	**5028**	**16952**	**5035**
VIII	Extra-ordinary Items	—	—	—	—	—	—	—
IX	**Profit before Tax (VII - VIII)**	**5273**	**4832**	**2546**	**16956**	**5028**	**16952**	**5035**
X	**Tax expense**							
	a) Current Tax	873	1291	—	2164	—	2172	—
	b) Deferred Tax	446	92	659	1907	1470	1907	1475
XI	**Profit / (Loss) for the period (IX - X)**	**3954**	**3449**	**1887**	**12885**	**3558**	**12873**	**3560**
XII	Share of profit / (loss) of associates	—	—	—	—	—	416	45

(₹ Lakhs)

Sl No.	Particulars	Standalone					Consolidated	
		3 months ended			Year ended		Year ended	
		31 03 2017	31 12 2016	31 03 2016	31 03 2017	31 03 2016	31 03 2017	31 03 2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
XIII	**Net Profit after share of profit / (loss) of associates**	**3954**	**3449**	**1887**	**12885**	**3558**	**13289**	**3605**
	Paid-up Equity Share Capital (Face value ₹ 10)	1261	1261	1261	1261	1261	1261	1261
	Reserves, excluding Revaluation Reserves, as per Balance Sheet of previous accounting year	—	—	—	**53721**	**40836**	**56265**	**42975**
	Earnings Per Share of ₹ 10 each (not annualised)							
	Before Extra-ordinary Items :							
	(a) Basic	31.34	27.35	14.96	102.15	28.20	105.36	28.58
	(b) Diluted	31.34	27.35	14.96	102.15	28.20	105.36	28.58
	After Extra-ordinary Items:							
	(a) Basic	31.34	27.35	14.96	102.15	28.20	105.36	28.58
	(b) Diluted	31.34	27.35	14.96	102.15	28.20	105.36	28.58

STATEMENT OF ASSETS AND LIABILITIES:

(₹ Lakhs)

Sl. No	Particulars	Standalone				Consolidated			
		As at 31 03 2017		As at 31 03 2016		As at 31 03 2017		As at 31 03 2016	
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
A	**EQUITY AND LIABILITIES**								
	1 Shareholders' Funds								
	(a) Share Capital	1261		1261		1261		1261	
	(b) Reserves and Surplus	53721		40836		56265		42975	
	Sub-total - Shareholders' Funds		**54982**		**42097**		**57526**		**44236**
	2 Non Current Liabilities								
	(a) Long Term Borrowings	12288		15744		12288		15744	
	(b) Deferred Tax Liabilities (Net)	13444		11537		13444		11537	
	(c) Other Long Term Liabilities	1530		1479		1530		1479	
	(d) Long Term Provisions	1078		999		1078		999	
	Sub-total - Non Current Liabilities		**28340**		**29759**		**28340**		**29759**
	3 Current Liabilities								
	(a) Short Term Borrowings	0		9728		0		9728	
	(b) Trade Payables	20305		22052		20306		22054	
	(c) Other Current Liabilities	6665		5966		6686		6094	
	(d) Short Term Provisions	928		1608		928		1608	
	Sub-total - Current Liabilities		**27898**		**39354**		**27920**		**39484**
	TOTAL - EQUITY AND LIABILITIES		**111220**		**111210**		**113786**		**113479**
B	**ASSETS**								
	1 Non Current Assets								
	(a) Fixed Assets	67785		67547		67903		67671	
	(b) Non Current Investments	3961		3761		5099		4711	
	(c) Goodwill on Consolidation	0		0		1178		1178	
	(d) Long Term Loans and Advances	2777		2528		2784		2534	
	Sub-total - Non Current Assets		**74523**		**73836**		**76964**		**76094**

(₹ Lakhs)

Sl. No	Particulars	Standalone				Consolidated			
		As at 31 03 2017		As at 31 03 2016		As at 31 03 2017		As at 31 03 2016	
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	2 Current Assets								
	(a) Inventories	12897		11407		12897		11407	
	(b) Trade Receivables	10639		12925		10660		12933	
	(c) Cash and Cash Equivalents	1908		1039		2011		1040	
	(d) Short Term Loans and Advances	10561		11376		10562		11378	
	(e) Other Current Assets	692		627		692		627	
	Sub-total - Current Assets		**36697**		**37374**		**36822**		**37385**
	TOTAL - ASSETS		**111220**		**111210**		**113786**		**113479**

Notes:

1 The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.

2 Due to severe drought conditions and drying of the perennial Rivers prevailing in the State of Tamilnadu, the Tamilnadu Government has advised the Company to restrict the drawal of water from the River Cauvery for drinking water purposes only. While the Company has appealed to the Government to permit minimum quantity of water, steps have been taken to step-up ground water resources. A similar direction has been given to Unit : Tirunelveli. Subsequently, Unit : Tirunelveli has been allowed to draw 50% of permitted quantity of water. Supplemented by ground water resources, the unit is maintaining production.

3 Paper is the only reportable segment of operation of the Company.

4 Figures have been re-grouped, wherever necessary, to conform to current quarter's / year's classification

5 The Board of Directors has recommended payment of dividend at ₹ 10 per Equity Share of ₹ 10 each for the year 2016-17.

6 The above results were reviewed by the Audit Committee of the Board and approved by the Board of Directors at the respective meetings held on May 30, 2017.

(By Order of the Board)

FOR SESHASAYEE PAPER AND BOARDS LIMITED

Place : Chennai
Date : May 30, 2017

N GOPALARATNAM
Chairman

FOR MEMBERS HOLDING SHARES IN DEMAT FORM

BANK ACCOUNT PARTICULARS / NECS MANDATE FORM

I / We ..... do hereby authorise you to update the Bank account particulars as under :

DP ID Number : .....

Client Account Number : .....

Particulars of Bank Account

a) Bank Name : .....

b) Branch Name : .....

Address *(for Mandate only)* : .....

c) 9 Digit Code number of the Bank & Branch as appearing on the MICR cheque : .....

d) Account Type *(Saving / Current)* : .....

e) Account Number as appearing on the cheque book : .....

f) STD Code & Telephone Number : .....

.....
Signature of the Beneficiary holder

Mail To ☛ Your Depository Participant with whom you have your demat account

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifiying the accuracy of the 9 digit code number.

FOR MEMBERS HOLDING SHARES IN PHYSICAL FORM

BANK ACCOUNT PARTICULARS / NECS MANDATE FORM

I / We ..... do hereby authorise **Seshasayee Paper and Boards Limited.**

* To print the following details on my / our dividend warrant.

* To credit my / our dividend amount directly to my Bank account by NECS.

(strike out whichever is not applicable.)*

My / our Folio Number : .....

Particulars of Bank Account

a) Bank Name : .....

b) Branch Name : .....

Address *(for Mandate only)* : .....

c) 9 Digit Code number of the Bank & Branch as appearing on the MICR cheque : .....

d) Account Type *(Saving / Current)* : .....

e) Account Number as appearing on the cheque book : .....

f) STD Code & Telephone Number : .....

I / We shall not hold the Company responsible if the NECS, could not be implemented or the Company discontinue(s) the said services, for any reason.

.....

Signature of the Shareholder

Mail To ☛

Messrs Integrated Registry Management Services Private Ltd.
2nd Floor, "Kences Towers"
No.1, Ramakrishna Street
North Usman Road, T Nagar
Chennai - 600 017

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifiying the accuracy of the 9 digit code number.

SESHASAYEE PAPER AND BOARDS LIMITED

Regd. Office : Pallipalayam, Cauvery RS PO, Erode 638 007, Namakkal District, Tamilnadu

CIN : L21012TZ1960PLC000364

Form No. MGT-11

PROXY FORM

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

Name of the Member (s) : .....

Registered Address : .....

E-mail ID : .....

Folio No. Client Id, DP ID : .....

I / We, being the member (s) holding .....… shares of the above named company, hereby appoint

1. Name : ..... Address: .....

   E-mail ID : ..... Signature: .....

   or failing him,

2. Name : ..... Address: .....

   E-mail ID : ..... Signature: .....

   or failing him,

3. Name : ..... Address: .....

   E-mail ID : ..... Signature: .....

as my / our proxy to attend and vote (on a Poll) for me / us and on my / our behalf at the 57th Annual General Meeting of the Company, to be held on Saturday, 29th July 2017, at 11.00 AM at "Community Centre", SPB Colony, Erode 638 010, Tamilnadu and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Description of Resolution	Type of Resolution	Optional	
			For	Against
	Ordinary Business :			
1	Adoption of Accounts for the year ended 31st March 2017 and Report of Directors and Auditors thereon	Ordinary Resolution		
2	Declaration of Dividend for the year 2016-17	Ordinary Resolution		
3	Ratification of appointment of M/s Maharaj N R Suresh and Co., and appointment of M/s R Subramanian and Company LLP, Chartered Accountants, as Statutory Auditors	Ordinary Resolution		

Resolution No.	Description of Resolution	Type of Resolution	Optional	
			For	Against
	Special Business :			
4	Appointment of Mr Md Nasimuddin, IAS, as a Director of the Company	Ordinary Resolution		
5	Re-appointment of Sri N Gopalaratnam, as Chairman	Special Resolution		
6	Re-appointment of Sri K S Kasi Viswanathan as Managing Director	Ordinary Resolution		
7	Re-appointment of Sri V Pichai as Deputy Managing Director & Secretary	Special Resolution		
8	Payment of commission to Non Whole-time Directors	Ordinary Resolution		
9	Payment of remuneration to Cost Auditor, M/s S Mahadevan & Co., Cost Accountants.	Ordinary Resolution		

Signed this……..…..…… day of……...…….2017

Affix ₹ 1 Revenue Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note:

1 This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Meeting.

2 It is optional to put a “X” in the appropriate column against the Resolutions indicated in the box. If you leave the ‘For’ or ‘Against’ column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.

3 Please complete all details of Member(s) in the above box before submission.