

Seshasayee Paper and Boards Limited



Fifty Ninth Annual Report

2018-19

SESHASAYEE PAPER AND BOARDS LIMITED

DIRECTORS

Sri N GOPALARATNAM, *Chairman*

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

Mr MOHAN VERGHESE CHUNKATH

Dr NANDITHA KRISHNA

Dr S NARAYAN, I A S (Retd.)

Dr (Tmt) M AARTHI, I A S, *Nominee of TIIC*

Sri A L SOMAYAJI

Sri V SRIDAR

Sri SHAMBHU KALLOLIKAR, I A S, *Nominee of
Govt. of Tamilnadu*

Sri K S KASI VISWANATHAN, *Managing Director*

Sri V PICHAJ, *Deputy Managing Director & Secretary*

AUDITORS

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

M/s R SUBRAMANIAN AND COMPANY LLP, Chennai

COST AUDITOR

M/s S MAHADEVAN AND CO., Chennai

SECRETARIAL AUDITOR

M/s B K SUNDARAM & ASSOCIATES, Trichy

BANKS

CANARA BANK

CENTRAL BANK OF INDIA

REGD. OFFICE



PALLIPALAYAM, CAUVERY RS PO,
ERODE - 638 007, NAMAKKAL DISTRICT,
TAMIL NADU

CIN : L21012TZ1960PLC000364


CONTENTS

	Page
NOTICE	3
DIRECTORS' REPORT	13
INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS	81
STANDALONE BALANCE SHEET	91
STANDALONE STATEMENT OF PROFIT AND LOSS	93
STANDALONE STATEMENT OF CHANGES IN EQUITY	95
STANDALONE CASH FLOW STATEMENT	97
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON STANDALONE FINANCIAL STATEMENTS	99

CONSOLIDATED FINANCIAL STATEMENTS

	Page
INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS	148
CONSOLIDATED BALANCE SHEET	156
CONSOLIDATED STATEMENT OF PROFIT AND LOSS	158
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	160
CONSOLIDATED CASH FLOW STATEMENT	162
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS	164

NOTICE

 Notice is hereby given that the 59th Annual General Meeting of the Company will be held at "Community Centre", SPB Colony, Erode 638 010, on Saturday, the 27th July 2019 at 11.00 AM to transact the following business:

ORDINARY BUSINESS

1 Adoption of Accounts, etc.

To consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon.

2 Declaration of Dividend

To declare a dividend on Equity Shares.

3 Re-appointment of retiring Director

To appoint a Director in the place of Sri N Gopalaratnam (DIN : 00001945) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4 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

2019-20, 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”.

5 Sub-division of existing Equity Share of face value of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/- (Two) each fully paid up.

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 61 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed thereunder (including any statutory modification(s) or any re-enactment(s) thereof for the time being in force) and the provisions of the Memorandum and Articles of Association of the Company, subject to such approvals and consents as may be required from appropriate authorities, the consent of the Members of the Company be and is hereby accorded for sub-division of Equity Share of face value of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/- (Two) each fully paid up.

RESOLVED FURTHER THAT pursuant to the sub-division of Equity Shares of the Company, each of the authorised, issued, subscribed and paid up Equity Shares of face value ₹ 10/- (Rupees Ten only) each of the Company existing on the record date, to be fixed by the Company, shall stand sub-divided into five Equity Shares of face value ₹ 2/- (Rupees Two only) each fully paid up.

RESOLVED FURTHER THAT pursuant to the sub-division of the face value of

Equity Shares as mentioned above, the share certificate(s) in relation to the existing issued Equity Shares of the face value of ₹ 10/- each held in physical form shall be deemed to have been automatically cancelled with effect from the record date to be fixed by the Board and the Board be and is hereby authorised, without requiring to surrender the existing issued share certificate(s) by the Members, to issue new share certificates in lieu of the existing share certificate(s), with regard to the sub-divided shares, and in case of the Equity Shares held in the dematerialised form, the number of sub-divided equity shares be credited proportionately to the respective beneficiary accounts of the Members with the Depository Participants, in lieu of the existing credits in their beneficiary accounts representing the Equity Shares of the Company before sub-division.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take such steps as may be required to obtain approvals in relation to the above mentioned Resolutions and do such further acts, deeds or things as may be required to give effect to sub-division of Equity Shares of the Company.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorised to :

- a) execute and file necessary applications, declarations and other documents with Stock Exchanges, Depositories, Registrar and Transfer Agents and / or any other statutory authority(ies), if any,
- b) settle any question or difficulty that may arise with regards to sub-division of the shares as aforesaid or on any matters connected therewith or incidental thereto; and
- c) do all such acts, deeds, things, including all other matters incidental thereto

in order to implement the foregoing resolution.

6 Alteration of Capital Clause V of the Memorandum of Association.

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 13 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed thereunder (including any statutory modification(s) or any re-enactment(s) thereof for the time being in force) existing Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following :

“V: The Authorised Share Capital of the Company is ₹ 70 00 00 000/- (Rupees Seventy crores only) divided into 20 00 00 000 Equity Shares of ₹ 2/- (Rupees two only) each and 3 00 00 000 Redeemable Preference Shares of ₹ 10/- (Rupees ten only) each. The Company has the power from time to time to increase or reduce its capital and to issue any shares in the capital of the Company as Equity Shares or Preference Shares and to attach to any class or classes of such shares, any rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares or to subject the same to any restrictions, limitations or conditions and to vary the class of shares and/or Regulations of the Company as far as may be deemed necessary to give effect to the same and upon the sub-division of any shares to apportion the right to participate in profits in any manner”.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby

severally authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper, expedient or desirable for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.

7 Alteration of Capital Clause 6 of the Articles of Association.

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

RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed thereunder (including any statutory modification(s) or any re-enactment(s) thereof for the time being in force) existing Clause 6 of the Articles of Association of the Company be and is hereby substituted with the following :

“6: The Authorised Share Capital of the Company is ₹ 70 00 00 000/- (Rupees Seventy crores only) divided into 20 00 00 000 Equity Shares of ₹ 2/- (Rupees two only) each and 3 00 00 000 Redeemable Preference Shares of ₹ 10/- (Rupees ten only) each. The Company has the power from time to time to increase or reduce its capital and to issue any shares in the capital of the Company as Equity Shares or Preference Shares and to attach to any class or classes of such shares, any rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares or to subject the same to any restrictions, limitations or conditions and to vary the class of shares and/or Regulations of the Company as far as may be deemed necessary to give effect to the same and upon the sub-division of any shares to

apportion the right to participate in profits in any manner”.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper, expedient or desirable for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.

(By Order of the Board)

For Seshasayee Paper and Boards Limited

(V PICHAI)

Deputy Managing Director & Secretary

Chennai

May 25, 2019

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 Director seeking 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 18, 2019 to Saturday, the July 27, 2019 (both days inclusive).

5 Dividend

Dividend on Declaration will be paid on 29th July 2019.

Members are advised to refer to 'Shareholder Information' Section of the Corporate Governance Report (Page 46 of the Annual Report) for details on dividend entitlement and payment options.

6 Unclaimed Dividend

Unclaimed dividend for over 7 years and the underlying shares thereof will be transferred to the Investor Education and Protection Fund. Members may refer to Page 50 of the Annual Report and lodge their claim, if any, immediately either with the Company's Registrar and Transfer Agents or Investor Education and Protection Fund.

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.

10 Gifts

No gifts, gift coupons, or cash in lieu of gifts shall be distributed to Members at or in connection with the Annual General Meeting in term of Clause 14 of the Secretarial Standards (SS-2) pertaining to distribution of Gifts at Annual General Meeting.

11 Route Map

Route Map showing the location of and directions to reach the venue of the 59th Annual General Meeting is attached pursuant to Secretarial Standard 2 on General Meeting.

STATEMENT

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

Item No. 4

Remuneration to Cost Auditor

The Company is engaged in the manufacture of paper and paper boards at its Units at Erode and Tirunelveli. It has been maintaining cost accounting records and getting them audited under the provisions of the Companies Act, 2013.

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 2019-20 and determined the remuneration at ₹ 2 00 000/- (Rupees two lakhs only), in addition to Goods and Services Tax, if any, and 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.

Item Nos 5, 6 & 7

Sub-division of Equity Shares of the Company and alteration of the Capital Clause in the Memorandum of Association (MoA) and Articles of Association (AoA) of the Company

The operations of the Company has grown significantly during the last five years, generating considerable interest in the Company's Equity Shares in the market. This coupled with the general positive economic environment, the market price of the Company's shares has increased manifold over the last five years. In order to improve the liquidity in the Company's Equity Shares and to make the shares more affordable for the investors, the Board of Directors ('Board') at its meeting held on 25th May 2019, approved and recommended sub-division of each Equity Share having a face value of ₹ 10/- fully paid up into five Equity Shares of the face value of ₹ 2/- each, for Members' approval.

The Board / Committee shall determine the record date for sub-division of Equity Shares at a later date.

Sub-division of shares, requires amendments to the existing Clause V of the Memorandum of Association and Clause 6 of the Articles of Association, which provides for face value of shares to be ₹ 10/- per share. Presently, the Authorised Share Capital of the Company is ₹ 70 00 00 000/- (Rupees seventy crores only) consisting of 4 00 00 000 Equity Shares of ₹ 10/- (Rupees ten only) each and 3 00 00 000 Redeemable Preference Shares of ₹ 10/- (Rupees ten only) each which shall be altered as ₹ 70 00 00 000/- consisting of 20 00 00 000 Equity Shares of ₹ 2/- (Rupees two only) each and 3 00 00 000 Redeemable Preference Shares of ₹ 10/- (Rupees ten only)

— SESHASAYEE PAPER AND BOARDS LIMITED —

each in view of the aforesaid sub-division of shares.

The Board recommends and seeks the approval of the Members for passing Resolution Nos. 5 and 6 as Ordinary Resolution and Resolution No.7 as a Special Resolution as stated in the Notice.

The above mentioned sub-division of shares does any change the voting percentage of the Shareholders.

The Memorandum of Association, Articles of Association and other relevant documents are available for inspection by the Members at the Registered Office of the company on any working day between 11.00 AM and 01.00 PM.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolutions except to the extent of their shareholding in the Company. You are requested to communicate your assent or dissent for the aforesaid Resolutions, in accordance with the instructions set out herein.

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

(V PICHAI)
Deputy Managing Director & Secretary

Chennai
May 25, 2019

Re-appointment of a Director :

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

SRI N GOPALARATNAM :

Director Identification Number	:	00001945
Date of birth and age	:	15 04 1947 (72 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)
Expertise in specific functional areas	:	Mechanical Engineer with more than 47 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 Esvi International (Engineers & Exporters) Limited Time Square Investments Private Limited
Committee / executive position 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

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 59th 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 20, 2019 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 Participants(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 (1) 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 SI 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 24, 2019 (9:00 AM) and ends on July 26, 2019 (5:00 PM). 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 20, 2019, 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 20, 2019.

(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 20, 2019. 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 20, 2019.
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

7 The Directors hereby present their Fifty Ninth Annual Report and the Audited Accounts for the year ended 31st March 2019:

The Company has adopted the Indian Accounting Standards (IndAS) from Financial Year 2017-18 as mandated. Accordingly, the financial statements for current year, including comparative figures of previous year are based on IndAS and in accordance with the recognition and measurement principles stated therein, as well as other accounting principles generally accepted in India. While this has no major impact for the Statement of Profit and Loss, there is and would be periodical impact for "Other Comprehensive Income" in measuring and restating investments at fair value.

WORKING RESULTS

	2018-19	2017-18
	(in tonnes)	(in tonnes)
Production	2 09 015	1 88 203
Sales	2 07 971	1 86 595
	(₹ crores)	(₹ crores)
Revenue from Operations		
Sales and Other Operating Income	1325.24	1117.79
Less: Excise Duty and Excise Cess	--	13.14
	1325.24	1104.65
Other Income	23.06	9.40
Total Revenue	1348.30	1114.05
Profit before interest, depreciation, exceptional item and tax	318.90	216.59
Finance Cost	13.81	14.30
Depreciation	33.78	31.94

	2018-19	2017-18
	(₹ crores)	(₹ crores)
Exceptional Item	--	4.84
Profit before tax	271.31	175.19
Provision for current tax	58.20	36.02
Transfer to / (from) Deferred Tax	23.11	16.28
Net Profit	190.00	122.89

DIVIDEND

The Board of Directors recommend payment of Dividend at ₹ 20 (twenty) per Equity Share, absorbing a sum of ₹ 25.23 crores.

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 ₹ 5.18 crores.

As per Ind As 10 Events after the reporting period, Proposed Dividend on Equity Shares and Corporate Tax on dividend being a non adjusting event at the Balance Sheet date, is not recognised as a liability in the accounts for the year ended March 31, 2019. The same will be recognised in the year of payment, viz., year ending March 31, 2020.

APPROPRIATIONS

	2018-19
	(₹ crores)
Net profit for the year	190.00
Add:	
Surplus brought forward from the previous year	89.21
	279.21
Less:	
Re-measurement of Defined Benefit Plans	0.02
Dividend paid during the year (For Financial Year 2017-18)	18.92
Tax on Dividend distribution	3.89
Transfer to General Reserve	100.00
Balance carried forward	156.38

OPERATIONS

PRODUCTION

During the year, the production at Unit : Erode was 1 32 379 tonnes, as compared to 1 21 594 tonnes, produced in the previous year. The production was higher by 10 785 tonnes, compared to the previous year due to improved performance of Paper Machines.

Unit : Erode also produced 32 138 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

Unit : Tirunelveli produced 76 636 tonnes of Paper during the year, as compared to 66 609 tonnes, produced in the previous year. The production was higher by 10 027 tonnes, compared to the previous year mainly due to increased machine speed and basis weight optimisation.

Overall Production for the Company was 2 09 015 tonnes of Paper and Boards for the year, as compared to 1 88 203 tonnes produced, in the previous year.

SALES

After taking into account 1040 tonnes towards in-house consumption, Unit : Erode sold 1 31 339 tonnes, against the production of 1 32 379 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 ₹ 26.88 crores and 61 tonnes of Note Books. Closing Stock of Traded Goods was 11 tonnes, as on March 31, 2019.

Unit : Tirunelveli sold 76 632 tonnes after taking into account 4 tonnes towards in-house consumption and achieved zero stock of finished goods at the end of the financial year.

In addition, Unit : Tirunelveli as part of its trading activities had sold 644 tonnes of Note Books. Closing stock of traded goods was 205 tonnes as on March 31, 2019.

The overall sale of Paper and Paper Boards effected by the Company during the year, was 2 07 971 tonnes, compared to 1 86 595 tonnes, sold during the previous year.

PROFITABILITY

The Revenue from Operations of the Company for the year was ₹ 1325.24 crores, as against ₹ 1 117.79 crores, in the previous year.

Profit before interest, depreciation, exceptional item and tax was ₹ 318.90 crores, for the Company as a whole, compared to ₹ 216.59 crores, in the previous year.

After absorbing interest and depreciation of ₹ 13.81 crores, ₹ 33.78 crores respectively, the Profit before tax was ₹ 271.31 crores, as compared to ₹ 175.19 crores, in the previous year.

The Company registered commendable financial results contributed by all round operational improvements both in Unit : Erode and Unit : Tirunelveli. Major factors that had contributed to improved financial performance during the year were :

- ◇ Higher De-inked Pulp production enabled replacement of costly imported pulp.
- ◇ Optimisation in Raw Material Mix and Chemicals.
- ◇ Higher sales realisation due to better Product mix.
- ◇ Improved paper market conditions and favourable exchange rate.
- ◇ Higher Other income.
- ◇ Lower Interest and Financing Charges due to repayment of Term Loans and non-utilisation of working capital limits.

For the year ended 31st March 2019, the tax liability under the normal method works out to ₹ 79.49 crores after deduction under Section 80-IA of the Income tax Act, 1961. The tax liability under MAT works out to ₹ 58.20 crores. Consequently, the Company became liable for the net current tax

liability of ₹ 79.49 crores. The Company is eligible to utilise ₹ 21.29 crores as MAT Credit Entitlement and consequently the net payment of tax will be ₹ 58.20 crores.

The net Deferred Tax liability for the year ended March 31, 2019 was ₹ 23.11 crores.

In the result, profit after tax for the year ended March 31, 2019 was ₹ 190.00 crores, as compared to ₹ 122.89 crores, in the previous year.

FINANCE

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

INTEREST FREE SALES TAX DEFERRAL LOAN

The Company repaid ₹ 3.89 crores during the year and the balance outstanding as on March 31, 2019 was ₹ 14.85 crores.

MARKET CONDITIONS

The year under review commenced with a strong demand for Copier grades, as supplies from the domestic mills together with the limited imports could not meet the total demand, resulting in a gap in supplies.

Demand for other white grades, like Creamwove and Maplitho, exhibited a better demand than the last year permitting opportunities for price revisions.

Flow of imported Copier grades and Maplitho grades gradually moderated when the Customs Department imposed an Anti-dumping Duty on imported Copier, if the landed price was less than USD 855, on 4th December 2018. The Anti-dumping Duty payable is equal to the difference between the bench mark price and the actual price of import, in case it was lower than the bench mark price.

With the prices of imported coated paper and boards being lower than the domestic prices,

demand for MG Boards and certain Yankee grades was poor throughout the year.

Demand picked up for the white grades in Q-4 more gradually when compared to earlier years.

Zero stock in Q-4 this year was achieved with relative ease, at the end of the financial year, for the 21st time in the last 25 years.

EXPORT PERFORMANCE

Unit : Erode exported 16 993 tonnes during the year, as compared to 14 446 tonnes, exported during 2017-18. The export proceeds in Foreign Currency for the year 2018-19 amounted to US\$ 15 211 167 and Euro 160 056. In Rupee terms the value of exports amounted to ₹ 107.03 crores. Export constituted around 12.84% of the Production.

Unit : Erode also sold 62 tonnes during the year, under deemed exports whose proceeds amounted to ₹ 0.40 crores.

Unit : Tirunelveli exported 17 825 tonnes of Paper during the year, as against 14 484 tonnes exported during 2017-18. The export proceeds in Foreign Currency amounted to US \$ 15 541 015. In Rupee terms the value of exports amounted to ₹ 111.01 crores. Export constituted around 23.26% of the Production.

Unit : Tirunelveli also sold 641 tonnes during the year, under deemed exports whose proceeds amounted to ₹ 3.91 crores.

TREE FARMING ACTIVITY

The Company continues to provide 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.

In addition, the Company had identified Melia-Dubia, a high yielding fast growing species, suitable for Pulp production. The Company has been providing Melia- Dubia Clones to interested farmers.

Technical Support to the farmers for this initiative is being 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 thirteen crore Seedlings (Clonal Eucalyptus Seedlings, bare-rooted Casuarina Seedlings and Melia Dubia Clones) were made available during the year, to farmers at subsidised rates, for planting in about 16 000 acres of land.

ISO 9001 / ISO 14001 ACCREDITATION

The Company's Quality Management Systems and Environment Management Systems continue to be covered under ISO 9001 and ISO 14001 Accreditations.

Both ISO 9001 and ISO 14001 Standard have undergone revision to 2015 Standards which lays emphasis on role of top management, adoption of risk management and change management. All these changes are to facilitate sustainability in business performance.

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-SSTD-40-003 v1-0. By this, the Company assures its stakeholders that the wood and wood fibre (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 FSE Mixed Products in the domestic and international markets.

AWARDS

The Company won the following Awards and recognitions during the year :

- ◇ "Tamil Nadu Pollution Control Board Green Award" for the year 2017 for the excellent contribution to the Environmental protection.
- ◇ "CII Excellent Energy Efficiency Unit Award" for the year 2018.
- ◇ "Best maintained outlet during 2017-18 Award" for Namakkal Region given by Indian Oil Corporation Limited to the petroleum products Retail outlet operated by the Company.

EXPORT HOUSE STATUS

The Company continues to be 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, 2019, 9 001 Shareholders were holding Shares in Demat form and 99 30 518 shares have been dematerialised, representing 78.73% of the total Equity Share Capital of the Company.

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

Unit : Erode

The Company has completed Phase - I of the Mill Development Plan II (MDP - II) in the year 2017-18, at a cost of ₹ 75 crores. Phase - II of MDP - II, with an estimated project cost of ₹ 50 crores, is nearing completion.

The successful implementation of MDP - II has helped the Company to increase the Production of Paper to 1 32 000 tpa and the production of Unbleached Wood Pulp to 1 45 000 tonnes per annum, in Unit : Erode.

In order to further increase production of Paper and Pulp in its Unit : Erode, the Company has drawn up Mill Development Plan - III (MDP - III) at an estimated cost of ₹ 315 crores. The implementation period of this project is estimated at 9 months to 21 months and is expected to be completed in phases.

The Techno Feasibility Study of the project has been completed and the Board of Directors of the Company, after detailed appraisal and review of the Project report, have approved the Project. The work on the Project has since commenced in the Financial Year 2019-20.

The MDP-III at Unit : Erode will consist of :

- ◇ Upgradation and Modernisation of the Paper Machines to increase the Capacity from 1 32 000 tonnes per annum to 1 65 000 tonnes per annum.
- ◇ Upgradation and Modernisation of the RDH Pulp Mill to increase the Capacity to 1 54 000 tonnes per annum.
- ◇ Upgradation of the Recovery Island and
- ◇ Augmentation of Waste Water Treatment Plant.

Unit : Tirunelveli

Mill Expansion Plan in Unit : Tirunelveli, undertaken at a cost of ₹ 75 Crores, is nearing completion.

Film Press and Top Wire Former were installed in the Paper Machine to help in improving the quality of paper as well as stepping up production. Re-commissioned De-Inking Plant helps us to step up pulp production and reduce use of expensive imported pulp. Re-build of Power Boiler has also been completed to generate additional power. Waste Water Treatment Plant has been augmented to handle higher Wetlap Pulp Product.

Considering that the Paper Industry is expected to grow at a CAGR of 5 - 6 % over the next few years and considering the demand supply gap, that is currently prevailing in India for high quality paper, to continue, Company is actively pursuing both Organic and Inorganic Growth opportunities.

CURRENT YEAR (2019-20)

In Unit : Erode, the Production during April 2019 was 10 611 tonnes, as compared to 9 712 tonnes, produced during April 2018. In Unit : Tirunelveli, the Production was 5 355 tonnes in April 2019, as against 5 058 tonnes in April 2018. The overall Production for the Company, for the month of April 2019, was 15 966 tonnes. Total Value of Production, during April 2019, amounted to ₹ 88.67 crores, compared to ₹ 77.60 crores, during April 2018.

During April 2019, 782 tonnes of paper, valued at ₹ 6.14 crores were exported.

Both Mettur Dam (for Unit : Erode) and Papanasam Dam (for Unit : Tirunelveli) have poor storage level. The Barrage across River Cauvery downstream of Unit : Erode and scattered rains in southern parts of Tamilnadu have helped the two units to maintain uninterrupted 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.

Installation of a new Electro Static Precipitator in the Chemical Recovery Boiler, under Mill Development Plan, has helped the Company in controlling emission.

A Twin Roll Press has been added in the Wood Pulp Line to control and reduce COD in waste water.

Alkaline Scrubbing has been provided for the non-condensable gasses for elimination of emission of mal-odorous gases.

The Company has implemented several projects under Mill Development Plan to reduce consumption of water as well as energy. Waste water generation in the Mill has been brought down significantly.

In accordance with the directives of CPCB, adequate monitoring facility has been provided for air emissions and liquid effluent discharge. Online connectivity has been provided for monitoring of emissions and discharges, real-time by both CPCB and TNPCB.

In addition, further treatment facility has been proposed for waste water under the Mill Development Plan.

Unit : Tirunelveli is well equipped with efficient Electro Static 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. As part of the Mill Expansion Plan, the Waste Water Treatment Plant has been augmented with a Dissolved Air Floatation Cell and Anaerobic Digester.

MANAGEMENT'S DISCUSSIONS 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 134(3) OF THE COMPANIES ACT, 2013

Section 134(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, 2019 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 LOAN, GUARANTEES OR INVESTMENTS

During the year, the Company provided a short term Inter Corporate Loan of ₹ 0.60 crore to SPB Projects and Consultancy Limited for a period of twelve months.

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 is 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 2019 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

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.

DIRECTORS

During the year, Tamilnadu Government withdrew the nomination of Mr Md Nasimuddin, IAS and in his place nominated Sri Shambhu Kallollikar, IAS, the Principal Secretary to Government, Environment and Forests Department, as its Nominee Director on the Board of our Company.

Sri R V Gupta stepped down from the Board of our Company at the close of business hours on March 31, 2019 after a long tenure of nearly 16 years as a Director on the Board of our Company.

Your Directors place on record the valuable services rendered by Sri R V Gupta and Mr Md Nasimuddin, IAS, during their tenure as Directors of the Company.

Sri Mohan Verghese Chunkath, IAS (Retd.) was appointed as an Independent Director on the Board of our Company for a period of five years with effect from April 01, 2019.

All the Independent Directors have given the declaration that they meet 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 27th March 2019. 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 for a fixed tenure till 31st March 2019 for three Directors and 28th September 2019 for two Directors.

AUDITORS

M/s Maharaj N R Suresh & Co., and M/s R Subramanian and Company LLP Chartered Accountants continue to be the Statutory Auditors of the Company.

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 25, 2019

REPORT ON MANAGEMENT'S DISCUSSIONS AND ANALYSIS

(i) Industry Structure and Developments

Global

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

Despite predictions that the on-going 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, everyday. 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 tonnes in 1993 and to 352 million tonnes in 2005. Current consumption is in excess of 400 million tonnes. Paper usage 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).

China is the largest producer of paper and boards (125 million tonnes), followed by USA (80 million tonnes).

The four key Paper and Board categories are: Newsprint, Printing and Writing Papers, Paper Boards for packaging applications, Tissue Papers and other Specialty Papers. Packaging grades account for over 55% of consumption, printing and

writing grades over 32%, tissue papers 8-10% and others about 3%.

Tissue and packaging grades are expected to witness higher growth rates, in future while newsprint and printing and writing 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 percent 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 percent.

Moody's outlook for the global Paper and forest products Industry is 'Stable', forecasting a boost to income by 2 - 4% over the next 12 - 18 months.

Higher prices, productivity improvements and synergies from recent acquisitions, as well as stronger wood product, paper packaging and market pulp demand, will drive profit growth, said a Moody's outlook report. "This will be partially offset by lower paper demand and rising freight, labour, energy and chemical costs. Fibre prices, typically the largest input cost for most of the industry's products, will be volatile, but average 2018 costs will be at compared to average 2017 costs".

As per "Paper-360" - a publication of TAPPI, healthy gains in packaging and tissue outweighed the slide in graphic paper demand in 2016, allowing

global paper and paperboard demand to grow by 1 percent, or 3.9 million metric tonnes. This expansion is somewhat subdued relative to the past 15 years' average growth of only 0.7 percent per year.

In addition, this growth comes despite global graphic paper demand shrinking by 2.6 percent in 2016, its second-worst performance ever outside of a recession. The worst non-recession performance by global graphic paper demand occurred in 2015, when global paper and paperboard demand's anemic growth of just 0.3 per cent also represented its worst non-recession year ever.

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

China is the largest consumer of paper and boards; more than 100 million tonnes 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'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 Govt. seeks to re-orient the economy from investment

driven growth to consumption driven growth. This, combined with a major shift toward 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 2016-17 is estimated at 17.37 million tonnes while the domestic market size was 15.20 million tonnes as per CPPRI. This would put the per capita consumption of India at 13 kgs. Indian Paper Manufacturers, Association 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 5th largest producer of paper in the world. However, the Indian Paper Industry accounts for a meagre 4% of global paper demand. The per-capita consumption of 13 kgs is significantly lower than the world average of around 57 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 9.3 million tonnes in 2008 to 17.37 million tonnes in 2016. As per CARE Ratings, the total paper consumption has grown at a CAGR of around 6.4% 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 may be aberrant years given the cyclical nature of the industry.

CRISIL however expects paper demand to grow between 5.5% and 6.5% between now and 2020-21. Demand for paper board is expected 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. Speciality Paper is expected to continue growing at about 9 - 11%.

The Indian Paper Manufacturers' Association (IPMA) estimates the domestic market sizes to be around 17.19 million tonnes comprising Newsprint 2.6 million tonnes, Printing and Writing Grades 5.0 million tonnes, Packing Paper and Paper Boards 8.7 million tonnes, Tissue 0.17 million tonnes, MG Grades 0.24 million tonnes and others 0.35 million tonnes.

IPMA's estimate for growth of the Indian market is 6.5% per annum, with Printing and Writing Grades set to grow by 4.86%, Packing Grades by 8.37% and Tissue by 17.75%.

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 lacklustre performance of the Industry. However, the Industry is projected to grow to reach 23.00 million tonnes of production by 2024-25, driven by the enhanced emphasis placed on education and promotion of literacy by the Govt. and higher demand for packaging grades due to rising retail trade and e-commerce.

Paper Companies posted a sharp turnover in 2017-18 and 2018-19. Domestic paper demand remained buoyant as closure of stressed domestic capacities led to supply constraints. Reduced Raw

Material and power prices had aided profit growth, according to Money Control.com.

The Indian Paper Industry is highly fragmented. As per CPPRI, there are over 800 paper mills in operation in the country, with an installed capacity of 25.17 million tonnes and operating at over 80% capacity utilisation.

On the supply side, the industry saw significant capacity additions of 1.6 million MT during FY09 - FY11 (~15% of domestic paper capacity in FY09) particularly in the Printing and Writing Paper segment. The bunching of these capacities resulted in over-supply scenario during FY11 and FY12 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 FY12 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:

- ♦ its large and growing domestic paper market and potential for export.
- ♦ Government's thrust for improving education and literacy levels in the Country.
- ♦ growing urbanisation and e-commerce activities.
- ♦ fast growing contemporary printing sector.

- ◇ 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 for wood and agro residues.

The following competitive weaknesses and threats confront the Industry:

- ◇ 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.
- ◇ increasing imports consequent on numerous Regional Trade Agreements (RTAs) / Free Trade Agreements (FTAs) entered into by the Govt. 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, Govt 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 last 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.
- ◇ 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 & 2014-15, causing serious erosion in the profitability of operations. If this trend is to resurface again in future, 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 6400 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. Presently, Coal prices have shot up by 70 - 80% over the previous year. Profitability of the Company will be impacted 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 2019

Global

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year. According to an IMF Report, China's growth declined in following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro economy lost more momentum than expected as consumer and business confidence weakened. Germany was disrupted by the introduction of new emission standards, investment dropped in Italy as Sovereign spreads widened and external demand, especially from emerging ASIA softened.

Global growth is now projected to slow from 3.6% in 2018 to 3.3% in 2019 before returning to 3.6% in 2020. The projected pick-up in the second half of 2019 is predicted on an ongoing buildup of policy stimulus in China and recent improvements in global financial market sentiments. Beyond 2020, global growth is set to platen at about 3.6% over the medium term, sustained by the increase in the relative size of economies, such as those of China and India, which are projected to have robust growth.

OECD also sees Global growth weakening as some risks materialise. According to OECD:

- ◇ the global expansion continues to lose momentum, amidst heightened policy uncertainty. Persistent trade tensions and ongoing declines in business and consumer confidence.

- ◇ Global growth slowed more quickly than anticipated in the latter half of 2018 to around 3% on quarterly basis.
- ◇ Confidence indicators have slowed markedly in OECD countries, in the Euro area and United Kingdom where growth has disappointed and also in China, where concerns linger about the extent of slow down.

Moody's notes that the consolidated operating income of the 44 rated paper and forest product companies will be lower than originally expected in the coming 12 to 18 months, while global GDP growth will also slow.

"The stable outlook for the global paper, packaging and forest products industry reflects operating income in the two to four percent range over the next one to two years and is driven by lower prices and weaker demand, as well as higher input costs across most subsectors in most regions".

The outlooks for the North American and European paper, packaging and forest products industries likewise have been revised to stable from positive. Annual pulp prices are expected to remain fairly stable. Recycled fibre costs are expected to increase slightly, but will likely continue to remain below long-term average prices. Moody's cites the restrictions on recycled fibre imports into China as the reason for increased North American and European supply.

Domestic

GDP growth in India has eased but is projected by OECD to be around 7.2% in Financial Year 2019 and FY 2020. Business confidence and investment remain strong and should benefit from easing financial conditions, lower oil prices, accommodative fiscal policy and recent structural reforms.

According to CRISIL Research, over the next 5 years (2017 to 2022), global paper demand is expected to grow at a subdued pace of ~1 - 1.5% CAGR, largely as economic

growth in China (world's largest consumer) moderates, as well as due to rapid proliferation of digitisation. Amongst the three segments viz. Writing and Printing, paperboard and newsprint, paperboard will emerge as the only segment growing, at a pace marginally faster than past 5 years.

Consumption of Writing and Printing and newsprint paper, on the other and is expected to contract by 0.5 - 1% and 5 - 5.5% CAGR respectively during 2017 - 2022 period. The demand for Writing and Printing paper is likely to be impacted by rising e-book penetration and advent of online advertising and social media etc, whereas expected fall in newspaper circulation (owing to rising preference towards e-news) will drive down the demand for newsprint.

The average global wastepaper prices (OCC) rose significantly by ~30% y-o-y to USD 263 per tonne in 2017, largely attributing to strong demand from paperboard manufacturers as well as increased stocking of wastepaper post announcement of ban on import of few grades by China in mid-2017. In 2018, with implementation of ban on imports of wastepaper, CRISIL Research expects global wastepaper prices to witness a sharp decline by ~20% y-o-y as piling up of stocks will exert pressure on prices globally. China, being the largest consumer of wastepaper globally influences pricing dynamics substantially. The complete ban on few grades of wastepaper will lead to pile up of stocks globally and will exert pressure on prices. In 2019, however, CRISIL expects situations in China to return to normalcy and wastepaper prices are expected to increase marginally by ~5% y-o-y with steady demand from the paperboard segment (the only growing segment).

The average hardwood pulp (Latin America) and softwood pulp (USA) prices rose significantly by ~30% y-o-y and ~18% y-o-y respectively in 2017. Hardwood pulp prices averaged at USD 661 per tonne, whereas softwood pulp prices averaged at USD 695 per tonne in 2017. The

prices were driven by strong demand from China, deferment of commissioning of pulp capacities by a few months etc. Moreover, increased buying from China by end of the year (largely as replacement of wastepaper) further provided fillip to the prices.

Pulp Prices are expected to correct sharply from the levels of USD 770 per tonne (for hardwood) to USD 660 - 670 per tonne. Moderate economic growth in China, declining Writing and Printing demand globally and capacity addition of pulp, will lead to this correction in pulp prices in 2019.

CRISIL Research expects paper and board (including newsprint) demand in India to grow at healthy pace of 5.5 - 6.5% to touch ~21 million tonnes by 2021-22.

The majority of the demand would be led by a healthy growth in paperboard volumes, which is expected clock CAGR of 6.5 - 7.5% over the next 5 years. Robust volume growth in pharmaceuticals, household appliances, e-Commerce etc. will propel growth for the paperboard segment.

Writing and printing (W&P) demand is expected to clock 3.5 - 4.5% CAGR (against 2.5 - 3.5% between FY12 - FY17) on account of a likely pick-up from the corporate and education sector.

Specialty paper (majorly tissue paper and thermal paper) is expected to continue growing at a robust 9 - 10% CAGR.

On the supply front, CRISIL expects the total capacities in paper and paperboard segment (excluding newsprint) to increase by ~3-4% CAGR till FY22 and reach ~18 million tonnes. The majority of capacity additions are expected to take place in the paperboard segment following an anticipated higher growth in volumes and less capital requirement vis--vis other segments (such as W&P). Domestic wood pulp prices are expected to remain stable over the next two fiscal while wastepaper prices may exhibit volatility.

Indian Paper Industry, despite all Constraints, is expected to continue to grow gainfully in 2019.

(vi) Internal control systems and their adequacy

- ◇ The Company maintains all its 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

	2018-19	2017-18
	(in tonnes)	(in tonnes)
Production	2 09 015	1 88 203
Sales	2 07 971	1 86 595
	(₹ crores)	(₹ crores)
Total Revenue	1 348.30	1 114.05
Profit Before Interest, Depreciation and Tax (PBIDT)	318.90	221.80
Profit Before Depreciation and Tax (PBDT)	305.09	207.13
Profit Before Tax (PBT)	271.31	175.19
Profit After Tax (PAT)	190.00	122.89

The Management had reviewed the significant change in the financial ratios and have noted favourable and positive change in all the ratios due to better operational performance, as explained later in this section.

		2018-19	2017-18	% Change Inc / (Dec)	Remarks
1	Revenue from Operations (RFO) - ₹ crores **	1325.24	1104.65	20 %	◇ The volume has grown by 11% and balance due to improved Sales realisation.
	Ratios - % on RFO				
2	Other Income	1.7%	0.9%	104 %	◇ Major factors that had contributed to improved financial performance are explained in detail, in the following section.
3	EBIDTA Margin	24.1%	19.6%	23 %	
4	PBIT Margin (Operating Margin)	21.5%	16.7%	29 %	
5	PAT Margin	14.3%	11.1%	29 %	
	Other P&L Ratios				
6	Return on Net Worth (PAT / Equity)	21.9%	17.5%	25 %	
7	Interest Coverage Ratio (PBIT / Interest) in times	20.65	13.25	56 %	◇ Better Operating margins and repayment on Term Loans resulting in better interest coverage.

		2018-19	2017-18	% Change Inc / (Dec)	Remarks
	Balance Sheet Ratios				
8	Gross Debt (^) to Equity Ratio	1 : 8.9	1 : 4.7		◇ Improvements in Operating margins and reduction in Cash Conversion Cycle resulted in increase in Cash Generation, which consequently resulted in Improved Debt Equity Ratio.
9	Net Debt to Capital Ratio	(-) 32.4%	1.0%		◇ Net Debt to Capital Ratio is Negative due to the Cash and Bank Balances being higher than the Gross Debt.
10	Networth per Share	687.96	556.19	24%	◇ Consequent to increase in Retained Earnings, as a result of higher Total Comprehensive Income.
11	Current Ratio ##	2.03	1.59	28%	◇ Increase mainly due to significant increase in Cash and Bank Balances.
12	Debtors Turnover Ratio (as a % on RFO)	6.0%	9.6%	(-) 38%	◇ Mainly due to reduction in the average collection period, thanks to better Market conditions and Company's Collection policies
13	Inventory Turnover Ratio (as a % on RFO)	10.2%	14.3%	(-) 29%	◇ Mainly due to reduction in In-transit Inventory.

** Net of Excise Duty (for Ratios to be comparable)

^ Debt Includes Current Maturities of Long Term Loans (grouped under "Current Liabilities" as per Balance Sheet)

For Current Ratio, Current Liability excludes "Current Maturities of Long Term Loans"

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 De-inked Pulp production enabled replacement of costly imported pulp.
- ◇ Optimisation in Raw Material Mix and Chemicals.
- ◇ Higher sales realisation due to better Product mix.
- ◇ Improved paper market conditions and favourable exchange rate.

◇ Higher Other income.

- ◇ Lower Interest and Financing Charges due to repayment of Term Loans and non-utilisation of working capital limits.

(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.

Currently, the Company employs 1 376 persons of all ranks in its two Units.

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 institutionalising the code of Corporate Governance.

This Report is furnished in terms of Regulation 34(3) and Schedule V 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, 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.

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 / re-appointment 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 Regulation 26 of 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.

SESHASAYEE PAPER AND BOARDS LIMITED

The details are furnished hereunder:

SI No.	Names of the Directors	No. of shares held	Executive / Non Executive Director	Promoter / Independent / Nominee Director
1	Sri N Gopalaratnam	9231	Chairman - Executive Director	Promoter Director
2	Sri R V Gupta, IAS (Retd.) [#]	Nil	Non Executive Director	Independent Director
3	Mr Md. Nasimuddin, IAS [*]	Nil	Non Executive Director	Nominee of Tamilnadu Government, Non Independent Director
4	Dr Nanditha Krishna	Nil	Non Executive Director	Independent Director
5	Dr S Narayan, IAS (Retd.)	Nil	Non Executive Director	Independent Director
6	Sri A L Somayaji	Nil	Non Executive Director	Independent Director
7	Dr (Tmt) M Aarthi, IAS	Nil	Non Executive Director	Nominee of Tamilnadu Industrial Investment Corporation Limited - Non Independent Director
8	Mr Shambhu Kallollikar, IAS ⁺	Nil	Non Executive Director	Nominee of Tamilnadu Government, Non Independent Director
9	Sri V Sridar	Nil	Non Executive Director	Independent Director
10	Sri K S Kasi Viswanathan	582	Managing Director - Executive Director	Whole time Director - Non Independent Director
11	Sri V Pichai	8539	Deputy Managing Director & Secretary - Executive Director	Whole time Director - Non Independent Director

+ Appointed as Director on 27 10 2018.

* Ceased to be a Director with effect from 27 10 2018.

Retired and ceased to be Director at the close of 31 03 2019.

(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) Pursuant to provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company at its 54th Annual General Meeting appointed three Independent Directors viz. Sri R V Gupta, Dr S Narayan and Sri V Sridar to hold office from 25th July 2014 to 31st March 2019. All the three Independent Directors retired on the expiry of first term at the close of 31st March 2019. Though all three Independent Directors are entitled for a second term upto five years upon passing of a Special Resolution, Sri R V Gupta opted not to seek re-appointment considering his advanced age. Accordingly, his tenure ended at the close of 31st March 2019.

The Board of Directors at their meeting held on 9th February 2019, based on the performance evaluation, formed the opinion that Dr S Narayan and Sri V Sridar continue to be persons of integrity and possess relevant expertise and experience and hence could be re-appointed as Independent Directors of the Company. The Board thereupon decided to re-appoint them for a second term as Independent Directors not liable to retire by rotation, subject to approval by Shareholders of the Company by a Special Resolution.

The Board of Directors at their meeting held on 9th February 2019, based on the Nomination-cum-Remuneration Committee approved appointment of Sri Mohan Verghese Chunkath, IAS (Retd.) as an Independent Director for a term of five years from 1st April 2019 to 31st March 2024, not liable to retire by rotation, filling up the vacancy caused by the retirement of Sri R V Gupta, subject to approval by Shareholders of the Company by an Ordinary Resolution.

Approval of the Shareholders by way of Special Resolution / Ordinary Resolution through Postal Ballot was obtained on 29th March 2019 for the Re-appointment /

Appointment of the following Independent Directors for a term of five years from 1st April 2019 to 31st March 2024.

SI No.	Name	DIN
1	Dr S Narayan	00094081
2	Sri V Sridar	02241339
3	Mr Mohan Verghese Chunkath	01142014

Further approval was also obtained in the case of Dr S Narayan who has crossed and Sri V Sridar who would be crossing 75 years of age.

- (c) Independent Directors have been issued Letter of Re-appointment / 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).
- (f) In the opinion of the Board all the Independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iii) Attendance of each Director, at the Board Meetings held during the financial year 2018-19 and at the last Annual General Meeting, is furnished hereunder :

SI No.	Names of the Directors	Board Meetings		Last Annual General Meeting	
		Held	Attended	Attended	Not attended
1	Sri N Gopalaratnam	5	5	Yes	--
2	Sri R V Gupta, IAS (Retd.) [#]	5	5	Yes	--
3	Mr Md. Nasimuddin, IAS [*]	5	--	--	Yes
4	Dr Nanditha Krishna	5	4	Yes	--
5	Dr S Narayan, IAS (Retd.)	5	3	Yes	--
6	Sri A L Somayaji	5	5	Yes	--
7	Sri V Sridar	5	5	Yes	--
8	Mr Shambhu Kallollikar, IAS ⁺	5	--	--	Yes
9	Dr. (Tmt) M Aarthi, IAS	5	1	--	Yes
10	Sri K S Kasi Viswanathan	5	5	Yes	--
11	Sri V Pichai	5	5	Yes	--

+ Appointed as Director on 27 10 2018.

Retired and ceased to be Director at the close of 31 03 2019.

* Ceased to be a Director with effect from 27 10 2018.

(iv) 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, 2019 :

SI No.	Names of the Directors	Other Boards		Other Board Committees	
		Number	Member / Chairperson	Number	Member / Chairperson
1	Sri N Gopalaratnam	4 [@]	4 - Chairman	2	2 - Chairman
2	Sri R V Gupta, IAS (Retd.)	2	2 - Member	1	1 - Member
3	Dr Nanditha Krishna	4 [#]	4 - Member	--	--
4	Dr S Narayan, IAS (Retd.)	9 ^{\$}	9 - Member	2	2 - Member
5	Dr. (Tmt) M Aarthi, IAS	6	6 - Member	1	1 - Member
6	Mr Shambhu Kallollikar, IAS	7	1 - Chairman 6 - Member	--	--
7	Sri A L Somayaji	3 [*]	3 - Member	1	1 - Chairman
8	Sri V Sridar	7	1 - Chairman 6 - Member	4	3 - Chairman 1 - 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.

\$ Includes 2 Private Limited Companies.

(v) Directorship in other listed entities as on 31 03 2019 :

SI No.	Names of the Directors	Name of the other listed entity	Category
1	Sri N Gopalaratnam	(a) Ponni Sugars (Erode) Ltd (b) High Energy Batteries (India) Ltd	Promoter Director
2	Sri A L Somayaji	High Energy Batteries (India) Ltd	Independent Director
3	Sri R V Gupta	(a) DCM Limited (b) The Delhi Safe Deposit Company Limited	Independent Director
4	Dr S Narayan	(a) Dabur India Limited (b) Apollo Tyres Limited (c) IIFL Holdings Limited (d) Artemis Global Life Science Ltd	Independent Director
5	Sri V Sridar	(a) Ponni Sugars (Erode) Ltd (b) ICICI Prudential Life Insurance Company Limited	Independent Director
6	Dr Nanditha Krishna	Ponni Sugars (Erode) Ltd	Independent Director

(vi) Core skills / expertise / competence of Directors :

The Company operates two Paper Plants, one at Erode and another at Tirunelveli. The core skills / expertise / competencies identified by the Board, as required in the context of its business and its operations are:

- ♦ Hands on experience in operating and managing manufacturing business.
- ♦ Expertise in finance, including treasury and foreign exchange.
- ♦ Expertise in overall management and administration.
- ♦ Exposure to global trade and practices.
- ♦ Commitment to comply with legal and regulatory norms.
- ♦ Social and environment consciousness.

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

B Board Process

(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 2018-19, five Board Meetings were held on May 26, 2018, July 21, 2018, October 27, 2018, February 09, 2019 and March 28, 2019. The Annual General Meeting was held on July 21, 2018. 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, review of ATR (Action Taken Report) and reporting process for decisions taken pending approval of Board.

During the Financial Year 2018-19 the Board has accepted the recommendation of respective Committees of the Board which are mandatorily required, for approval of the 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 four Non Executive Independent Directors and the Chairman of the Board, with more than two-third being Independent Directors. 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 25 2018, July 20, 2018, October 26, 2018, February 08, 2019 and March 28, 2019.

Its composition and attendance during 2018-19 is given hereunder :

Names of the Directors	Audit Committee Meetings	
	Held	Attended
Sri R V Gupta, IAS (Retd.) #	5	5
Sri N Gopalaratnam @	5	5
Dr S Narayan, IAS (Retd.) &	5	4
Sri V Sridar &	5	5
Sri A L Somayaji &	5	5

Chairman - Independent Director - till the close of 31 03 2019.

& Member - Independent Director

@ Member - Non Independent Director

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

Sri V Sridar is the Chairman of the Audit Committee with effect from 01 04 2019. 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:

Name of Member	No. of Meetings	
	Held	Attended
Sri R V Gupta, IAS (Retd.) #	3	3
Dr S Narayan, IAS (Retd.)	3	3
Sri V Sridar.	3	3

till the close of 31 03 2019.

Sri A L Somayaji, an Independent Director has been inducted into the Committee with effect from 01 04 2019.

The Chairman of the Committee is an Independent Director and is present at the Annual General Meetings of the Company. 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 in March 2015 determined the performance evaluation criteria for Independent Director. It revisited the issue in March 2019 pursuant to the SEBI Guidance Note on Board Evaluation issued in January 2017 and broad based the evaluation criteria covering Independent Directors, Non Independent Directors and Board as a whole.

During the year the Committee met three times on May 25, 2018, February 08, 2019 and March 27, 2019.

(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 25, 2018, July 20, 2018, October 26, 2018, February 08, 2019 and March 27, 2019.

Its composition and attendance is given hereunder:

Name of the Director / Position	Committee Meetings	
	Held	Attended
Sri V Sridar, Chairman #	5	5
Sri N Gopalaratnam @	5	5
Sri V Pichai @	5	5

Non-Executive, Independent Director

@ Executive, Non-Independent Director

Status of investor complaints is shown in the Shareholder Information Section of this Report. Pursuant to Regulation 13(3) of the SEBI Listing Regulations, quarterly reports on the compliance of investor grievances are filed with the Stock Exchanges. Half-yearly compliance certificates signed by both the Company and Share Transfer Agent are filed within one month in deference to Regulation 7(3) of the SEBI Listing Regulations. 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 CSR Committee are

Name of Member	No. of Meetings	
	Held	Attended
Sri N Gopalaratnam, Chairman @	5	5
Sri V Sridar #	5	5
Sri K S Kasi Viswanathan @	5	5
Sri V Pichai @	5	5

Non-Executive, Independent Director

@ Executive, Non-Independent Director

(v) Other Committees

The Board has constituted a Project Committee to facilitate quick response to clearance of proposals for expenditure on Mill Development Plan 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

During the year, one Circular Resolution was passed.

Circular Resolution dated January 02, 2019; Sanction be and is hereby accorded for

disposal of 14,080 Equity Shares of ₹ 10 each in IDBI Bank Limited by accepting the open offer by Life Insurance Corporation of India at a price of ₹ 61.73 per share or through Stock Exchanges.

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 recognised and achievements rewarded. Remuneration package is transparent, fair and simple to administer, besides being legal and tax compliant.

The Policy recognises 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. Their remuneration for the Financial Year 2018-19 is disclosed under Note No. 40 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 2018-19

Sl No.	Name of the Non Whole time Director	Sitting Fee paid		Commission payable for 2018-19
		Board Meetings	Committee Meetings	
		₹ lakhs	₹ lakhs	₹ lakhs
1	Sri R V Gupta, IAS (Retd.)	1.25	2.00	5.00
2	Mr Shambhu Kallollikar, IAS	--	--	5.00 @
3	Dr Nanditha Krishna	1.00	--	5.00
4	Dr S Narayan, IAS (Retd.)	0.75	1.75	5.00
5	Dr. (Tmt) M Aarthi, IAS	0.25 #	--	5.00 #
6	Sri A L Somayaji	1.25	1.25	5.00
7	Sri V Sridar	1.25	5.75	5.00
	Total	5.75	10.75	35.00

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.

Pursuant to the Guidance Note on Board Evaluation issued by SEBI in January 2017 to improve the evaluation process by listed entities, the Board of Directors at their meeting held on 8th February 2019 and 27th March 2019, based on the recommendation of the Nomination-cum-Remuneration Committee approved the criteria for performance evaluation for Independent Directors, Non Independent Directors and Board of Directors.

The Board evaluation is internally done on annual basis using templates that incorporate specific attributes. There is oral one-on-one discussion of the template contents relevant to each director and the format is filled on the basis of collective views voiced. The feedback is orally given to all the directors. The Chairman's role is overall mediation to facilitate objective evaluation and collective decision making. The Board evaluation process is reviewed responding to regulatory changes or once in three years.

The Nomination and Remuneration Committee at its 8th February 2019 and 27th March 2019 meeting evaluated every director's performance that includes the independent and non-independent directors. The director whose performance is being evaluated did not participate during that

part of the meeting. The Committee has expressed overall satisfaction on such evaluation.

The Independent Directors in their exclusive meeting held on 27th March 2019 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 the Independent Directors were present at this meeting.

The Board, at its meetings held on 09th February 2019 & 28th March 2019, 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

SEBI (Prohibition of Insider Trading) Regulations, 2015 that has been extensively amended that has come into effect from 1st April 2019. To incorporate these amendments, the Board in March 2019 revised the Codes earlier formed in March 2015 and 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.

This code is applicable to all Directors and designated persons. It is hereby affirmed that all Directors and designated employees have

complied with this code during the financial year 2018-19 and a confirmation to this effect has been obtained from them.

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 from the end of every quarter till 48 hours after declaration of 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 2018-19.

Further, the Senior Management Personnel have declared to the Board that no material financial or commercial transactions were entered into by them during the Financial Year 2018-19 where they have personal interest that may have a potential conflict with the interest of the Company at large.

Declaration signed by CEO affirming the above is attached (Annexure-A).

(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 2018-19 were on an arms-length basis and were in the ordinary course of business. They have been disclosed in deference to Indian Accounting Standard 24 in Note 40 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 2018-19.

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 policies and the exposures of the Company on various financial risks, including the Foreign Exchange Risk and Hedging activities, are disclosed under Note 38 (c) to the Standalone Financial Statements.

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 2018-19 and no personnel had requested access to the Audit Committee under this policy during 2018-19

(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 2018-19.

(ix) Document Preservation

Pursuant to Regulation 9 of the SEBI (LODR) Regulations, 2015, the Company has formed a policy for preservation of records. This Policy covers all corporate records of the Company whether in paper or digital form and applies to all departments and business functions of the Company. This Policy has been uploaded on the Company's website.

E Other Compliances

(i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Regulation 34(2)(e) of SEBI (LODR) 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 Regulation 33 of the SEBI (LODR) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These are communicated to Stock Exchanges by email 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 2018-19 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 / Listing Centre

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 centralised 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 2018	13 07 2018
30 09 2018	18 10 2018
31 12 2018	24 01 2019
31 03 2019	27 04 2019

(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 2018-19.

(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 Financial Year 2018-19. The Secretarial Audit Report was placed before the Board on 25th May 2019 and the same is annexed.

There are no qualifications in the Secretarial Audit Report.

Secretarial Compliance Certificate:

SEBI Vide Circular dated 8th February 2019 mandated all listed companies for filing of

Annual Compliance Certificate issued by a Practicing Company Secretary with Stock Exchanges within 60 days of the end of the Financial Year. The Company obtained the certificate from M/s B K Sundaram & Associates, Practicing Company Secretaries and the same is filed with Stock Exchanges on 29th May 2019.

Certificate from Practicing Company Secretary confirming none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board / MCA or any such statutory authority is provided in Annexure-B.

(ix) Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed M/s Suri & Co., Chartered Accountants (Firm Regn. No. 004283S), Chennai, to conduct Internal Audit of the functions and activities of the Company for Financial Year 2018-19. The Internal Auditor reports directly to the Audit Committee 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 (LODR) Regulations, 2015 were placed before the Board at its meeting on 25th May 2019.

(xi) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2019 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditor's 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 (LODR) Regulations, 2015 is provided in Annexure-C.

(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 Maharaj N R Suresh and Co., and M/s R Subramanian & Company LLP have undergone the Peer Review process and have been issued requisite Certificate that were placed before the Audit Committee.

(xvi) Statutory Auditor's fees for the FY 2018-19

	₹ crores
Statutory Audit fees	0.26
Taxation Matters	0.16
Certification work	0.08
Reimbursement of expenses	0.02
	<u>0.52</u>

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 email IDs are available with the Company. Shareholders who have not furnished their email 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 since inception has ensure to remain in the regime of unqualified financial statements. In deference to SEBI's Circular dated 25th May 2016, Annul Financial Result for the Financial Year 2018-19 are being filed with the Stock Exchanges along with the declaration by the Managing Director confirming that the Auditor's Report on Annual Financial Results containing unmodified opinion.

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) During the year, the Company provided a short term Inter Corporate Loan of ₹ 0.60 crore to SPB Projects and Consultancy Limited for a period of twelve months and the same is outstanding along with interest.

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) emailed 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
- (d) 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 Ninth Annual General Meeting

Date and time	:	Saturday, the 27 th July 2019 at 11.00 AM
Venue	:	"Community Centre" SPB Colony ERODE 638 010, Tamilnadu
Financial Year	:	2018-19
Book closure dates	:	Thursday, the 18 th July 2019 to Saturday, the 27 th July 2019 (both days inclusive).
Dividend	:	₹ 20 (twenty) per Equity Share (Proposed)
Dividend payment date	:	29 th July 2019

(ii) Particulars of past three Annual General Meetings

AGM / Year	Venue	Date & Time	Special Resolutions passed
56 th 2015-16	"Community Centre" SPB Colony ERODE 638 010 Tamilnadu	23 07 2016 11.00 AM	Nil
57 th 2016-17	"Community Centre" SPB Colony ERODE 638 010 Tamilnadu	29 07 2017 11.00 AM	1. Re-appointment of Sri N Gopalaratnam as Chairman 2. Re-appointment of Sri V Pichai as Deputy Managing Director & Secretary
58 th 2017-18	"Community Centre" SPB Colony ERODE 638 010 Tamilnadu	21 07 2018 11.00 AM	Nil

No Extraordinary General Meeting was convened during the year.

(iii) Postal Ballot

- (a) For Appointment / Re-appointment of Independent Directors for a term of 5 years, two Special Resolution / one Ordinary Resolution were passed by Postal Ballot during the financial year 2018-19 vide details furnished above. Shareholders were also offered the facility of e-Voting in addition to Postal Ballot.
- (b) Sri B. Kalyanasundaram, Practising Company Secretary (Membership No.672) was the Scrutiniser for Postal Ballot. All Resolutions were passed with requisite majority based on combined voting through E-voting and on Postal Ballot.
- (c) At present there is no proposal to pass Special Resolution through Postal Ballot.

(iv) Financial Calender for 2019-20 (tentative)

May 2019 :

Audited results for 2018-19

July 2019 :

Annual General Meeting and

First Quarter Results for 2019-20

October 2019 :

Second Quarter Results for 2019-20

February 2020 :

Third Quarter Results for 2019-20

March 2020

Review of performance

May 2020 :

Audited Results for 2019-20

July 2020 :

Annual General Meeting and First
Quarter Results for 2020-21.

(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)
Web Site: 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
Web Site: www.nseindia.com
E-mail: cm1ist@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, 2020.

(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, 2019, 9 001 Shareholders are holding Shares in Demat form and 99 30 518 shares have been dematerialised, representing 78.73% 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 and transfer of shares in physical mode is not feasible from 01 04 2019.

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

(x) Permanent Account Number (PAN) / Bank details 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, vide its Circular dated 27th January 2010 has made it mandatory to furnish a copy of PAN for transmission and transposition of shares.

SEBI, vide its Circular dated 20 04 2018 advised the listed Companies through RTA to seek PAN / Bank details of shareholders holding shares in Physical form. Necessary communication in this regard has already been sent to shareholders on 23 06 2018 by Registered Parcel and reminders during October 2018 and February 2019. Shareholder are advised to provide such details without delay.

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 Pvt. Ltd

‘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

Email: corpserv@integratedindia.in

(xii) Credit Rating

During the Financial Year 2018-19, there was no revision in the Credit Ratings assigned to the Company, for both Long Term and Short Term Bank facilities.

CARE Ratings Limited, Mumbai (CARE), vide their communication dated March 31, 2019, has reaffirmed the Credit Rating assigned to the Long Term Bank facilities, [CARE A+ Positive] and Short Term Bank facilities [CARE A1+] of the Company.

(xiii) 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.

The Company obtains from a Company Secretary in Practice half-yearly Certificate of Compliance with the Share Transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the said certificate with the Stock Exchanges.

There is no pending share transfer as on 31 03 2019.

Compulsory Demat:

SEBI in June 2018 amended Regulation 40 of the Listing Regulations prohibiting transfer of shares held in physical mode with effect from 01 04 2019. Transposition and Transmission are exempted from this amendment. Accordingly transfer of shares will not be feasible from 01 04 2019.

(xiv) Transfer of Unclaimed Dividend to IEPF

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 who have not claimed the dividend as per records every year.

Pursuant to above, the Unpaid / Unclaimed Dividend for the Financial Year 2010-11 was transferred on 13 10 2018 pertaining to 2949 investors and aggregating to ₹ 10.75 lakhs.

The Unpaid / Unclaimed amount for the Financial Year 2011-12 will be transferred during August 2019 along with the shares. Shareholders are, therefore, advised to contact the Company / RTA immediately in case of non-receipt or non-encashment of Dividend.

(xv) Investor Education and Protection Fund (IEPF)

Upon Section 124(5) and (6) of the Companies Act, 2013 coming into force companies while transferring the dividend remaining unclaimed for a period of more than seven years will also have to transfer the underlying equity shares. Accordingly, the unclaimed dividend for the years 2008-09 to 2010-11, as well as the underlying shares have already been transferred to IEPF. The list of Shareholders whose unclaimed dividend / underlying shares have been transferred to IEPF is put on the website of the Company. Shareholders may take specific note of the same and claim the said unclaimed dividend and the underlying shares from IEPF Authority.

SESHASAYEE PAPER AND BOARDS LIMITED

Particulars of unclaimed dividend as on 31 03 2019:

Year	Dividend (₹ per share)	Date	Unclaimed		Due date for transfer to IEPF
			No. of warrants	₹ crores	
2011-12	5	30 07 2012	3114	0.12	26 08 2019
2012-13	4	29 07 2013	3384	0.10	24 08 2020
2013-14	4	26 07 2014	3457	0.10	22 08 2021
2014-15	4	03 08 2015	3595	0.10	29 08 2022
2015-16	5	25 07 2016	3653	0.14	21 08 2023
2016-17	10	31 07 2017	3769	0.28	26 08 2024
2017-18	15	23 07 2018	1842	0.21	20 08 2025

(xvi) Market Price Data

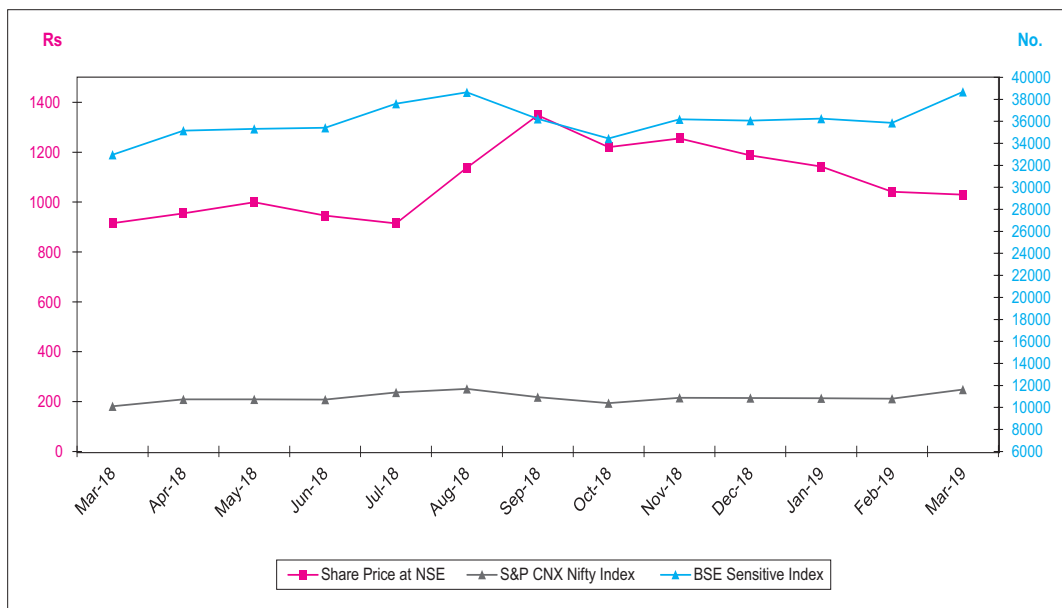
High, low and volume during each month in the financial year 2018-19 (reported at the National Stock Exchange of India Limited and BSE Limited).

Month	BSE				National Stock Exchange			
	Share Price		Volume		Share Price		Volume	
	High ₹	Low ₹	No. of Shares	Value (₹ crores)	High ₹	Low ₹	No. of Shares	Value (₹ crores)
2018								
April	954.70	860.00	10622	0.97	955.00	854.60	59701	5.473
May	1003.00	890.00	9718	0.92	998.90	900.10	50475	4.73
June	940.80	818.05	3705	0.33	945.50	830.00	31717	2.81
July	900.00	800.05	6014	0.52	914.40	825.10	44606	3.87
August	1135.00	865.00	24987	2.64	1138.00	862.10	231242	23.85
September	1328.00	960.90	52978	6.41	1347.70	970.00	399430	48.37
October	1220.00	960.00	18962	2.08	1220.00	950.00	150400	16.73
November	1253.45	1073.15	31712	3.71	1255.00	1080.55	182956	21.52
December	1184.40	1050.00	322546	35.63	1187.00	1045.10	72810	8.11
2019								
January	1123.95	984.00	10859	1.14	1142.00	978.05	98618	10.45
February	1041.10	821.90	10581	0.96	1040.90	818.00	66566	6.12
March	1015.00	878.70	3997	0.37	1029.90	864.15	56714	5.39

SESHASAYEE PAPER AND BOARDS LIMITED

(xvii) 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.



(xviii) Distribution of shareholding as on March 31, 2019

Distribution	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
1 - 100	9433	75.18	383308	3.04
101 - 200	1579	12.58	240999	1.91
201 - 500	1015	8.09	329676	2.61
501 - 1000	278	2.22	204420	1.62
1001 - 5000	172	1.37	377141	2.99
5001 - 10000	31	0.25	229406	1.82
10001 and above	39	0.31	10848678	86.01
Total	12547	100.00	12613628	100.00

SESHASAYEE PAPER AND BOARDS LIMITED

(xix) Pattern of Shareholding as on March 31, 2019

Category	No. of Share holders	Voting strength (%)	No. of Shares held
Individuals	11822	19.64	2476894
Companies	237	41.54	5239903
FIIIs, NRIs, OCBs	469	21.10	2661602
Mutual Funds, Insurance Companies and Banks	12	0.03	3281
FIs	7	17.69	2231948
Total	12547	100.00	12613628

(xx) Top 10 Shareholders of the Company as on March 31, 2019

SI No.	Names	No. of Shares	%
1	The Tamil Nadu Industrial Investment Corporation Ltd	1800000	14.27
2	Ponni Sugars (Erode) Limited	1768181	14.02
3	Synergy Investments Pte Limited	1547695	12.27
4	Time Square Investments Private Limited	1257621	9.97
5	Atyant Capital India Fund I	676628	5.36
6	Dhanashree Investments Private Limited	590258	4.68
7	Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust	568181	4.51
8	Coromandel Sugars Limited	474463	3.76
9	Life Insurance Corporation of India	428678	3.40
10	Pushpa Devi Saraogi	224999	1.78
	Total	9336704	74.02

(xxi) Plant Locations

Unit : Erode

Pallipalayam

Namakkal District

Cauvery RS PO

ERODE

638 007

Tamil Nadu

Unit : Tirunelveli

Elanthaikulam

Singamparai Post

Mukkudal (via)

Tirunelveli District

627 601

Tamil Nadu

(xxii) 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

E-mail : edoff@spbltd.com /
investor@spbltd.com

Web Site: www.spbltd.com

Annexure - A**DECLARATION**

[Pursuant to Para D of Schedule V of the
SEBI (Listing Obligations & Disclosure Requirements), regulations, 2015]

I, K S Kasi Viswanathan, Managing Director of Seshasayee Paper and Boards Limited, hereby declare and confirm that all the members of the Board of Directors and the senior management personnel of the Company have affirmed compliance with the code of conduct of Board of Directors and senior management for the financial year 2018-19.

K S KASI VISWANATHAN

Managing Director

Chennai
25th May 2019

Annexure - B

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

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/S SESHASAYEE PAPER AND BOARDS LIMITED having CIN:L21012TZ1960PLC000364 and having registered office at PALLIPALAYAM, ERODE-638007 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on the date of Financial Year ended on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the company by the Securities and Exchange Board of India and/or the Registrar of Companies or such other authority under the Ministry of Corporate Affairs, New Delhi.

SESHASAYEE PAPER AND BOARDS LIMITED

Sl. No.	Name of the Director as per DIN	DIN	Date of Appointment in the Company	Designation and remarks if any
1	GOPALARATNAM NATARAJAN	00001945	26/12/1987	Chairman -Whole-time Director
2	KASI VISWANATHAN SUBRAMANIAN KALLIDAIKURICHI	00003584	29/01/2005	Managing Director
3	LAKSHMINARASIMHA AYYALU SOMAYAJI	00049772	29/09/2014	Independent Director
4	SUBBARAMAN NARAYAN	00094081	18/01/2007	Independent Director
5	PICHAJ VENKATARAMAN	00263934	29/01/2005	Deputy Managing Director
6	SHAMBHU KALLOLIKAR	00800336	27/10/2018	Nominee Director
7	CHINNY KRISHNA NANDITHA	00906944	29/09/2014	Independent Director – Woman Director
8	RAVI VIRA GUPTA	00017410	25/07/2014	Independent Director – Retired on 31/03/2019
9	VENKATESAN SRIDAR	02241339	04/06/2009	Independent Director
10	AARTHI MANICKAVASAGAM	08062172	03/02/2018	Nominee Director

It is the responsibility of the management of the Company to ensure the eligibility for the appointments of Directors and their continuance as Directors on the Board. Our responsibility is to express an opinion on the matter and this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR B.K. SUNDARAM & ASSOCIATES
Company Secretaries

Sd/-
(B. KALYANASUNDARAM)
Company Secretary
ACS NO. A672. CP. NO. 2209

Place : Tirchy
Date : 25 05 2019

MAHARAJ N R SURESH AND CO.,
Chartered Accountants

R SUBRAMANIAN AND COMPANY LLP
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, 2019, 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

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

Chennai
May 25, 2019

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 03 2019

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

I. REGISTRATION AND OTHER DETAILS :

- (i) CIN : 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 Pvt. 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	U51909TN19 78PTC007495	Subsidiary	100	2(87) of Companies Act, 2013
2	M/s Ponni Sugars (Erode) Limited Esvin House Old Mahabalipuram Road, Perungudi Chennai 600 096	L15422TN19 96PLC037200	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	3813957	0	3813957	30.23	3813957	0	3813957	30.23	0.00
(d) Banks / FI	--	--	--	--	--	--	--	--	--
(e) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (A) (1)	3832309	0	3832309	30.38	3832309	0	3832309	30.38	0.00
(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)	5380004	0	5380004	42.65	5380004	0	5380004	42.65	0.00
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds / UTI	0	200	200	0.00	0	200	200	0.00	0.00
(b) Banks / FI	3772	3064	6836	0.05	3387	2964	6351	0.05	0.00
(c) Central / State Government	0	1800000	1800000	14.27	0	1800000	1800000	14.27	0.00
(d) Venture Capital Funds	--	--	--	--	--	--	--	--	--
(e) Insurance Companies	465576	0	465576	3.69	428678	0	428678	3.40	-0.30
(f) Foreign Institutional Investors	--	--	--	--	--	--	--	--	--
(g) Foreign Venture Capital Investors	--	--	--	--	--	--	--	--	--
(h) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(i) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (B) (1)	469348	1803264	2272612	18.02	432065	1803164	2235229	17.72	-0.30

(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)	650628	21106	671734	5.33	678904	2654	681558	5.40	0.07
(b) Individuals (Resident / NRI / Foreign National)	--	--	--	--					
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	1195111	357083	1552194	12.31	1323844	289605	1613449	12.79	0.48
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	998591	19506	1018097	8.07	934829	19506	954335	7.57	-0.50
(c) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(d) Any other (specify)	--	--	--	--	--	--	--	--	--
Clearing Member	1150806	568181	1718987	13.62	1180872	568181	1749053	13.87	0.25
Sub-Total (B) (2)	3995136	965876	4961012	39.33	4118449	879946	4998395	39.63	0.30
Total Public Shareholding (B) = (B)(1) + (B)(2)	4464484	2769140	7233624	57.35	4550514	2683110	7233624	57.35	0.00
(C) Share held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	9844488	2769140	12613628	100.00	9930518	2683110	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 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	Ponni Sugars (Erode) Limited	1768181	14.02	0	1768181	14.02	0	0.00
2	Synergy Investments Pte Limited	1547695	12.27	0	1547695	12.27	0	0.00
3	Time Square Investments Private Limited	1257621	9.97	0	1257621	9.97	0	0.00
4	Dhanashree Investments Private Limited	590258	4.68	0	590258	4.68	0	0.00
5	Ultra Investments and Leasing Co.Pvt Ltd	185296	1.47	0	185296	1.47	0	0.00
6	High Energy Batteries (India) Limited	10329	0.08	0	10329	0.08	0	0.00
7	SPB Projects and Consultancy Limited	2272	0.02	0	2272	0.02	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	5380004	42.65	0	5380004	42.65	0	0.00

(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
	At the Beginning of the year 01 04 2018	5380004	42.65		
	Date wise increase / Decrease in Promoters Shareholding during the year			--	--
	At the end of the year 31 03 2019			5380004	42.65
	Hence there is no change in Promoter's Shareholding				

(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 2018	1800000	14.27		
	At the end of the year 31 03 2019			1800000	14.27
2	Atyant Capital India Fund I				
	At the Beginning of the year 01 04 2018	676628	5.36		
	At the end of the year 31 03 2019			676628	5.36
3	Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust				
	At the Beginning of the year 01 04 2018	568181	4.50		
	At the end of the year 31 03 2019			568181	4.50
4	Coromandel Sugars Limited				
	At the Beginning of the year 01 04 2018	474463	3.76		
	At the end of the year 31 03 2019			474463	3.76
5	Life Insurance Corporation of India				
	At the Beginning of the year 01 04 2018	465576	3.69		
	Sale 21 09 2018	(-) 4532	0.036	461044	3.65
	Sale 19 10 2018	(-) 107	0.001	460937	3.65
	Sale 26 10 2018	(-) 1329	0.011	459608	3.64

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

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
5	Life Insurance Corporation of India (Contd.)				
	Sale 02 11 2018	(-)20295	0.161	439313	3.48
	Sale 09 11 2018	(-)4109	0.033	435204	3.45
	Sale 16 11 2018	(-)6526	0.052	428678	3.39
	At the end of the year 31 03 2019			428678	3.39
6	Pushpa Devi Saraogi				
	At the Beginning of the year 01 04 2018	224999	1.78		
	At the end of the year 31 03 2019			224999	1.78
7	Usha Devi Saraogi				
	At the Beginning of the year 01 04 2018	224990	1.78		
	At the end of the year 31 03 2019			224990	1.78
8	Investor Education and Protection Fund Authority				
	At the Beginning of the year 01 04 2018	154798	1.23		
	Share Transferred 30 11 2018	10047	0.080	164845	1.31
	Share Transferred 07 12 2018	11	0.00	164856	1.31
	At the end of the year 31 03 2019			164856	1.31
9	GHI LTP Limited				
	At the Beginning of the year 01 04 2018	159472	1.26		
	Sale 30 11 2018	(-)159472	1.26	0	0.00
	At the end of the year 31 03 2019			0	0.00
10	Prakash Kumar Saraogi				
	At the Beginning of the year 01 04 2018	97500	0.77		
	Sale 09 11 2018	(-) 259	0.002	97241	0.77
	Sale 16 11 2018	(-) 4190	0.033	93051	0.74
	Sale 30 11 2018	(-) 5000	0.040	88051	0.70
	Sale 07 12 2018	(-) 3612	0.029	84439	0.67
	At the end of the year 31 03 2019			84439	0.67

(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 2018	9231	0.07		
	At the end of the year 31 03 2019			9231	0.07
2	Sri K S Kasi Viswanathan				
	At the Beginning of the year 01 04 2018	582	0.00		
	At the end of the year 31 03 2019			582	0.00
3	Sri V Pichai				
	At the Beginning of the year 01 04 2018	8539	0.07		
	At the end of the year 31 03 2019			8539	0.07

V INDEBTEDNESS :

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

	Secured Loans excluding deposits (₹ crores)	Unsecured Loans (₹ crores)	Deposits (₹ crores)	Total Indebtedness (₹ crores)
Indebtedness at the beginning of the financial year				
(i) Principal Amount	135.14	18.74	--	153.88
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	0.20	--	--	0.20
Total (i)+(ii)+(iii)	135.34	18.74	--	154.08
Change in Indebtedness during the financial year				
Addition	31.41	--	--	31.41
Reduction	81.46	3.89	--	85.35
Net Change	- 50.05	- 3.89	--	- 53.94
Indebtedness at the end of the financial year				
(i) Principal Amount	85.20	14.85	--	100.05
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	0.09	--	--	0.09
Total (i)+(ii)+(iii)	85.29	14.85	--	100.14

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	7980000	6780000	6780000	21540000
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	10000	2717774	2717774	5445548
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission	7980000	6780000	6780000	21540000
	- as % of profit	--	--	--	--
	- others, specify	--	--	--	--
5	Others, please specify				
	(i) Provident Fund	957600	813600	813600	2584800
	(ii) Superannuation Fund	1197000	1017000	1017000	3231000
	(iii) Gratuity Premium	968637	822986	822986	2614609
	Total (A)	19093237	18931360	18931360	56955957
	Ceiling as per the Act				277362349

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	325000	500000	--	825000
	Dr S Narayan	250000	500000	--	750000
	Sri V Sridar	700000	500000	--	1200000
	Sri A L Somayaji	250000	500000	--	750000
	Dr Nanditha Krishna	100000	500000	--	600000
2	Other Non-Executive Directors				
	Mr Shambu Kallollikar, IAS	--	500000#	--	500000#
	Dr.(Tmt.) M Aarthi, IAS	25000*	500000*	--	525000*
	Total (B)	1650000	3500000	--	5150000
	Total managerial Remuneration (A+B)				62105957
	Over all ceiling as per Act				305098583

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	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					

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. 40 to the Accounts for the Financial year 2018-19.

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 2018-19 and hence, none of them are material in nature.

Hence, the details required in paras (c) to (e) to be furnished in respect of Material Related Party Transactions are not applicable and hence not furnished.

- (c) Amount paid as advances, if any.

NIL

**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

- ◇ Installation of 50 Nos of energy efficient motors in place of energy inefficient motors.
- ◇ Installation of Variable Frequency Drives (VFDs) for cooling water pumps in Chemical Recovery Complex.
- ◇ Installation of LED light fittings Millwide as well as in the Residential Colony and Wood Yard.
- ◇ Installation of Roof Top Solar System in Colony Godown.
- ◇ Installation of Energy Meters in the individual panels in different departments for better monitoring of energy consumption.
- ◇ Identification of Millwide high energy consuming equipments for close monitoring.
- ◇ Study on high horse power pumps, Millwide, to reduce energy.
- ◇ Application of suitable coating in vacuum pumps to conserve energy.

Unit : Tirunelveli

- ◇ Study on high energy consuming Equipment, Millwide, to reduce energy.

- ◇ Installation of Variable Frequency Drive for Pocket Ventilation Blowers in Paper Machine Complex.

- ◇ Installation of LED light fittings Millwide.

(ii) Steps taken for utilising alternate sources of energy:

Unit : Erode & Tirunelveli

- ◇ Installation of Solar based power system for Administrative Block, Godown, etc. Detailed study being done to install Solar System at Intake Well area in Tirunelveli.
- ◇ Constant monitoring of the power generation from Chemical Recovery Complex which is a bio-mass power at Unit : Erode
- ◇ Detailed study to upgrade Evaporation Plant to reduce steam consumption at Erode.
- ◇ Study on Paper Machine # 5 Compressors to replace with energy efficient Compressors.
- ◇ To improve condensate return from Paper Machine to save energy.
- ◇ Improve the bio-mass usage in Power Boiler at Unit: Tirunelveli.

B. TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

Specific areas in which R&D was carried out by the Company

Unit : Erode

(i) Pulping and Bleaching

- ◇ Pulping and bleaching experiments were carried out for various wood raw materials to assess for suitability for papermaking and to optimise bleaching chemical requirements.
- ◇ Various plant scale studies were undertaken to improve the production rate by reducing the cycle time along with new cooking additives. New Cooking additives were introduced in wood pulping for reduction of Chemicals, cycle time and steam consumption to achieve better production and pulp quality.

(ii) R&D trials and tests for quality improvement and cost effectiveness

- ◇ New product development: Continuous efforts are being made for development of new products as per the market requirement. New Products such as Cream soft, Bristol (Deep yellow), Natural shade MG Ribbed kraft and Colour wove Lemon yellow were developed for Indigenous and export market.
- ◇ Acid sizing is eliminated by introducing binary sizing with new direct dye combination for making MG M/L Yellow for reduction of pollution load.
- ◇ Powder Optical Brightening Agent (OBA) is replaced by liquid OBA to improve the paper quality and reduce the pollution load.
- ◇ Introduction of new direct dyes (Green, Blue, and Red) in place of Pigment dyes for improving the shade w.r.t two sidedness along with cost reduction.

- ◇ New biocide program (Oxidising Biocide) was introduced to improve the machine runnability.
- ◇ Alternate supplier is introduced for Pigment dyes to improve light fastness and cost reduction.

Unit : Tirunelveli

(i) De-Inking and Stock Preparation

- ◇ Environment friendly Enzymatic treatment has been introduced in Deinking process for the removal of stickies to improve the pulp quality.
- ◇ Shade variation in paper is reduced by modified dye addition system.

(ii) R & D and Production

- ◇ Incorporated a new type of edge scrapper at film press (backside) to avoid starch spillage and related paper breaks in the re-winder.
- ◇ Trim suction box width is increased in the backside of the wire to avoid the Paper breaks in the press part.
- ◇ Automated glueing has been introduced in reel packing to avoid reel damage.

(iii) Environment

- ◇ After extensive study Effluent Treatment Plant has been upgraded with the addition of Equalization tank, Diffused Air Floatation clarifier and Anaerobic digester for De-inking process effluent towards environmental mitigation / sustainability.
- ◇ Based on Laboratory study 100% recycled / back water is used in de-inking process to conserve water.
- ◇ Preparedness on handling the water crisis and running the mill uninterrupted with minimum water usage is under evaluation.

- ◇ Bailing machine has been installed to handle the plastic wastes arising from De-inking process.

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

Unit : Erode:

- ◇ High yielding varieties of Casuarina Hybrid Clones CH1 and CH2 were developed in our nursery and supplied to farmers for cultivation.
- ◇ Short rotation and high pulp yield wood variety called Meliadubia is developed through clonal propagation, supplied to farmers for cultivation and regularized.

Unit : Tirunelveli :

- ◇ On site conversion of native starch into cationic starch has been introduced to replace cationic starch for cost reduction.
- ◇ Domestic A4 and American A3 products have been developed in copier grade.
- ◇ Trials being conducted to convert Plastic wastes into fuel oil through pyrolysis process by authorized vendors.

Future plan of Action (For both units) :

Unit : Erode :

- ◇ Elimination of Acid Sizing in all of our products.
- ◇ Replacement of basic dyes with Pigment / direct dyes to improve light fastness.

- ◇ Recycling of waste water in each stage without affecting the quality for water conservation.
- ◇ Development of new products as per market requirement.
- ◇ Conducting plant trials for ASA sizing process with different chemical suppliers and implementation.
- ◇ Evaluation of new additives for improving strength, surface and optical properties.
- ◇ Conducting plant trials with various Digester additive to optimise the cooking process conditions and improve pulp quality.
- ◇ Continue trials with different % of De-inked pulp in furnish.
- ◇ Optimise Refiner performance through lab trials .

Unit : Tirunelveli :

- ◇ To assist Process to increase of Machine speed to above 750 mpm, consistently.
- ◇ Installation of biogas (methane) firing system in boiler to conserve energy / mitigate methane as a green house gas under study.

(iii) Imported Technology:

Nil

(iv) Expenditure incurred on Research & Development

₹ 75.13 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.

	2018-19	2017-18
	(₹ crores)	(₹ crores)
Earnings	215.08	158.29
Outgo	224.67	187.97

REPORT ON CSR ACTIVITIES

- 1 A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.

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 (Profit Before Tax excluding Dividend Income and Exceptional Income) of the Company for last three financial years.

₹ 128.71 crores
- 4 Prescribed CSR Expenditure (two percent of the amount as in item 3 above).

₹ 2.57 crores
- 5 Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;

₹ 2.57 crores
 - (b) Amount unspent, if any;

Nil

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

			₹ crores
1	Expenditure on running and maintenance of Schools	:	0.32
2	Expenses on running and maintenance of Rural Primary Health Centres	:	0.13
3	Contribution to OLIRUM ERODE (an NGO taking Initiative for enhancing the quality of life in and around Erode)	:	0.15
4	Contribution to Laying of Bitumen Roads / Tank Deepening Work in nearby villages	:	0.29
5	Contribution to Research Scheme with Department of Environment Sciences, Tamilnadu Agricultural University, Coimbatore	:	0.04
6	Contribution to Kerala Chief Minister's Distress Relief Fund - For Flood Relief	:	0.10
7	Contribution to Tamil Nadu Chief Minister's Distress Relief Fund - For Cyclone relief	:	0.14
8	Supply of Drinking Water to nearby villages	:	0.64
9	Contribution towards Pipe Line work for Lift Irrigation Scheme in nearby villages	:	0.14
10	Contribution to Kalivuneer & Kinatru Pasana Sangam in nearby villages	:	0.25
11	Other contributions to charitable institutions, rural development programs, educational assistance to deserving students, medical assistance, medical camps, etc.	:	0.37
	Total	:	2.57

- 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

**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 the financial year	Chairman Managing Director (MD) Deputy Managing Director & Secretary (DMD&S)	38:1 44:1 44:1	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	0 % 27% 27%	Note-2
3	The percentage increase in the median remuneration of employees in the financial year		4%	Note-3
4	The number of permanent employees on the rolls of Company		1376	
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	5.22% 18%	
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:

- 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 as detailed in point No.10 above. Hence, ratio provided only for Whole-time Directors.

- 2 The remuneration package of three Whole-time Directors is revised once in three years. The remuneration package was approved by the Board of Directors at their meeting held on May 30, 2017, taking in to consideration the recommendations of the Nomination cum Remuneration Committee which were also approved by the Members of the Company at the Annual General Meeting held on July 29, 2017. The current remuneration package is applicable from April 01, 2017. The increase in the remuneration of Managing Director and Deputy Managing Director & Secretary is mainly due to arrears of Medical Allowance of earlier years, paid in current year.
- 3 For the current year, there is no change in remuneration except increase in Dearness Allowance and annual increments.

(B) Statement of particulars of employees as per Rule 5(2) & (3)

Sl No.	Description	Particulars		
1	Name of the employee	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
2	Designation	Chairman	Managing Director	Deputy Managing Director & Secretary
3	Remuneration received	₹ 1.92 crores	₹ 1.89 crores	₹ 1.89 crores
4	Nature of employment	Contractual	Contractual	Contractual
5	Qualification & experience	B. Sc., B. E. (Mech.) 47 years	B. Tech., MMA 41 years	B. Com., A.C.A., A.C.S., CAIIB 46 years
6	Date of commencement of employment	01 04 1988	13 03 1991	12 06 1980
7	Age of such employee	72	68	71
8	Last employment	Project Specialist SPB Projects & Consultancy Limited	Project Coordinator SPB Projects & Consultancy Limited	Manager, Indian Bank
9	% of Equity shares held	Negligible (9231)	Negligible (582)	Negligible (8539)
10	Relationship with any Director	Not a relative of any Director of the Company	Not a relative of any Director of the Company	Not a relative of any Director of the Company

Note: Gross remuneration includes salary, incentive, perquisites and Company's contribution to retirement benefits.

Chennai
May 25, 2019

For Board of Directors
(N GOPALARATNAM)
Chairman

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 2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

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 authorised 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, 2019 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 2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder
- (ii) The Securities Contracts (Regulation) Act, 1956 ('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 dealings with client;

(v) Other Laws applicable specifically to the Company:

- a. Acts and Rules prescribed under prevention and control of pollution
- b. Acts and Rules relating to Environment protection, energy conservation and Hazardous substances and Chemicals.
- c. 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 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: Tirchy

Date : 16 05 2019

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 2019 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 : Tiruchy

Date : 16 05 2019

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	:	31 st March 2019
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	:	₹ 1.25 crores
6	Reserves and Surplus	:	₹ 1.15 crores
7	Total Assets	:	₹ 2.62 crores
8	Total Liabilities	:	₹ 0.22 crore
9	Investments	:	₹ 0.08 crore
10	Turnover	:	₹ 0.27 crore
11	Profit before taxation	:	₹ 0.03 crore
12	Provision for taxation	:	₹ 0.06 crore
13	Profit after taxation	:	₹ -0.03 crore
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	:	31 st March 2019
3	Shares of Associate held by the Company on the year end	:	
	No.	:	23 60 260
	Amount of Investment in Associates / Joint Venture	:	₹ 19.60 crores
	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	:	₹ 80.34 crores
7	Profit / Loss for the year	:	₹ 8.43 crores
	Considered in Consolidation	:	₹ 2.32 crores
	Not considered in Consolidation	:	₹ 6.12 crores

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

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N GOPALARATNAM
Chairman

MOHAN VERGHESE CHUNKATH
DR. NANDITHA KRISHNA
A.L. SOMAYAJI
V. SRIDAR
Directors.

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

Chennai
May 25, 2019

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

R SUBRAMANIAN AND COMPANY LLP
CHARTERED ACCOUNTANTS

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

Report on the audit of Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information hereinafter referred to as Financial Statements

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Profit (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Response to Key Audit Matters & Conclusion
<p>◇ Purchase of Bagasse – Raw material from related party.</p> <p>During the year, the company has purchased Bagasse from a related party (Associate) for an aggregate purchase value of ₹ 19.16 crores, pursuant to a long-term agreement with the related party.</p> <p>We considered the purchase of Bagaasse from a related party as a key audit matter as it constitutes a significant percentage of bagasse purchases, a key raw material.</p> <p>The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the quantities of Bagasse supplied, the calorific value of fuel supplied by the company and the calorific value of Bagasse determined by the both the parties.</p>	<p>◇ We understood and tested the design and operating effectiveness of controls as established by the management in determining the various parameters and the ultimate price determination.</p> <p>◇ We have also tested the relevant records and found the price determination to be in accordance with the agreement. Based on the above procedures, in or opinion the management's determination of the price of Bagasse for the year is considered to be reasonable.</p> <p>◇ The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the calorific value of fuel supplied to the related party and the calorific value of Bagasse determined by both the parties.</p>
<p>◇ As on 31st March 2019, the company carries cash and bank balances of ₹ 310.57 crores. We considered the amount of cash and bank balance as a key audit matter given the relative size of the balance in the financial statements</p>	<p>◇ We have verified and tested the design and operating effectiveness of controls with regard to maintenance of cash balances and preparation of bank reconciliation statements.</p> <p>◇ We have verified the cash balance at the end of the year as well as the bank reconciliation statements.</p> <p>◇ We have also received confirmation of balances from banks directly which corroborates with the results of our audit procedures.</p>
<p>◇ Provision for Income-tax has been made considering the deduction under Section 80-IA in respect of the captive power plant as well as MAT credit [Refer Note No. 35 (B)]. We consider this as a key audit matter given the relative significance of the tax provision in the Statement of Profit and Loss.</p>	<p>◇ We have verified the estimates and judgements made by the management in computing the income for the year as well as the deduction under Section 80-IA and found them to be consistent with the basis adopted in the earlier years and accepted by the Income-tax Department.</p> <p>◇ We have also verified the MAT credit available with the income-tax returns filed for the financial year 2017-18.</p> <p>◇ Based on these procedures, the management's estimate of provision for tax is found reasonable.</p>

Management Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due

to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

We also :

- ◊ Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◊ Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls system in place and the operating effectiveness of such controls.
- ◊ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ◇ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◇ Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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

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

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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the Internal Financial 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 the requirements of Section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of

our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the company.

2. As required by the Companies (Auditors’ Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143 (11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

MAHARAJ N R SURESH AND CO.,

Firm Regn. No. 001931S

N R Suresh

Membership No. 021661

Partner

Chartered Accountants

R SUBRAMANIAN AND COMPANY LLP

Firm Regn. No. S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

Place : Chennai

Date : May 25, 2019

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS 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, 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (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 ICAI. 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 Auditors' 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, 2019, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

MAHARAJ N R SURESH AND CO.,

Firm Regn. No. 001931S

N R Suresh

Membership No. 021661

Partner

Chartered Accountants

Place : Chennai

Date : May 25, 2019

R SUBRAMANIAN AND COMPANY LLP

Firm Regn. No. S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

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

The Annexure referred to in Paragraph 2 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 a loan of ₹ 60 lakhs to a party covered in the register maintained under Section 189 of the Companies Act, 2013. The terms and conditions of the loan are not prejudicial to the interests of the Company. Schedule of repayment of principal and payment of interest has been stipulated. However, repayment of principal and payment of interest have not fallen due during the year. There are no amounts which are overdue.
- (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, Goods and Service Tax and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2019 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, Cess and Goods and Service Tax have not been deposited as on 31st March 2019 on account of disputes are given below :

Name of the Statute	Nature of dues	Amount ₹ crores	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Excise Duty	0.21	CESTAT	February 2008 - December 2012
- do -	- do -	0.08	- do -	December 2005 - June 2007
- do -	- do -	0.41	- do -	April 2007 - March 2011
- do -	- do -	0.02	Hon'ble High Court of Madras	07 12 2008
- do -	- do -	0.05	- do -	October - November 1996
Cenvat Credit Rules, 2004	Service Tax	1.17	Commissioner (Appeals)	September 2004 - February 2015, June 2015, October 2015
Income Tax Act, 1961	TDS	0.03	Commissioner of Income Tax (Appeals)	2013-14
Customs Act, 1962	Customs Duty	6.24	CESTAT	March 2012 - January 2013
- do -	- do -	0.19	- do -	13 12 2002
- do -	Cenvat	3.71	- do -	April 2012 - January 2016

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

(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, 2013.

- (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 the 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.

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

Place : Chennai
Date : May 25, 2019

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE BALANCE SHEET AS AT 31st MARCH 2019

Particulars	Note No.	As At 31-03-2019 ₹ crores	As At 31-03-2018 ₹ crores
(A) ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	2	669.60	670.69
(b) Capital Work-in-Progress	2(A)	23.36	26.82
(c) Other Intangible Assets	2(B)	2.26	1.96
(d) Financial Assets			
(i) Investments	3	95.25	98.59
(ii) Loans	4	29.62	23.99
(e) Other Non-current Assets	5	8.99	3.35
Total Non-current Assets		829.08	825.40
(2) Current Assets			
(a) Inventories	6	134.57	157.78
(b) Financial Assets			
(i) Trade Receivables	7	79.25	106.45
(ii) Cash and Cash Equivalents	8	64.63	24.83
(iii) Bank balances other than (ii) above	9	245.94	118.05
(iii) Loans	10	0.62	—
(iv) Others	11	0.95	0.81
(c) Current Tax Assets (Net)	12	—	0.63
(d) Other Current Assets	13	55.46	22.90
Total Current Assets		581.42	431.45
Total Assets		1410.50	1256.85
(B) EQUITY AND LIABILITIES			
I EQUITY			
(a) Equity Share capital	14	12.61	12.61
(b) Other Equity	15	855.15	688.95
Total Equity		867.76	701.56

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE BALANCE SHEET AS AT 31st MARCH 2019 (Contd.)

Particulars	Note No.	As At 31-03-2019 ₹ crores	As At 31-03-2018 ₹ crores
II LIABILITIES			
1 Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	51.48	91.80
(ii) Other Financial Liabilities	17	17.00	16.00
(b) Other Liabilities	18	3.29	4.39
(c) Provisions	19	17.92	16.55
(d) Deferred Tax Liabilities (net)	20	121.60	97.48
Total Non-current Liabilities		211.29	226.22
2 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	21	260.06	236.44
(ii) Other Financial Liabilities	22	62.99	76.05
(b) Other Current Liabilities	23	3.56	9.91
(c) Provisions	24	3.69	5.95
(d) Current Tax Liabilities	25	1.15	0.72
Total Current Liabilities		331.45	329.07
Total Equity and Liabilities		1410.50	1256.85

See accompanying Notes to the Standalone Financial Statements.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N GOPALARATNAM
Chairman

MOHAN VERGHESE CHUNKATH
DR. NANDITHA KRISHNA
A.L. SOMAYAJI
V. SRIDAR
Directors.

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

Chennai
May 25, 2019

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

Particulars	Note No.	Year ended 31-03-2019		Year ended 31-03-2018	
		₹ crores	₹ crores	₹ crores	₹ crores
I Revenue from Operations					
Revenue from sale of products	26A	1312.56		1097.87	
Other Operating Revenues	26B	12.68		19.92	
II Other Income	27	23.06		9.40	
III Total Income (I+II)			1348.30		1127.19
IV Expenses:					
Cost of Materials Consumed	28	659.83		561.40	
Purchase of Stock-in-Trade	29	33.42		29.20	
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress	30	0.52		1.99	
Excise Duty		—		13.14	
Employee Benefits Expense	31	69.28		68.36	
Finance Cost	32	13.81		14.30	
Depreciation and Amortisation Expenses	33	33.78		31.94	
Other Expenses	34	266.35		236.51	
Total Expenses (IV)			1076.99		956.84
V Profit before Exceptional Items and Tax (III-IV)			271.31		170.35
VI Exceptional Items			—		4.84
VII Profit / (Loss) Before Tax (V+VI)			271.31		175.19
VIII Tax Expenses	35				
(1) Current Tax		58.20		36.02	
(2) Deferred Tax		23.11		16.28	
			81.31		52.30
IX Profit / (Loss) for the period from Continuing Operations (VII-VIII)			190.00		122.89

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019 (Contd.)

Particulars	Note No.	Year ended 31-03-2019 ₹ crores	Year ended 31-03-2018 ₹ crores
IX Profit / (Loss) for the period from Continuing Operations (VII-VIII)		190.00	122.89
X Other Comprehensive Income (OCI)			
A Items that will not be reclassified to Statement of Profit and Loss			
(i) Remeasurement benefit of the Defined Benefit Plans		- 0.04	- 4.25
(ii) Net Fair Value Gain on investment in Equity Instruments through OCI		- 2.63	14.64
(iii) Income Tax relating to items that will not be reclassified to Statement of Profit and Loss		- 0.03	1.47
		- 2.70	11.86
B (i) Items that will be reclassified to Statement of Profit and Loss		2.63	-
(ii) Income Tax relating to items that will be reclassified to Statement of Profit and Loss		- 0.92	-
		1.71	-
Total Other Comprehensive Income (A + B)		- 0.99	11.86
XI Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the Period) (IX+X)		189.01	134.75
XII Earnings per Equity Share	41		
(face value of ₹ 10 each)			
(1) Basic		150.63	97.43
(2) Diluted		150.63	97.43

See accompanying notes to the Standalone Financial Statements.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
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N GOPALARATNAM
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Managing Director

Chennai
May 25, 2019

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2019

₹ crores

A) EQUITY SHARE CAPITAL

Particulars	As at 31-03-2019	As at 31-03-2018
Balance at the beginning of the reporting year	12.61	12.61
Changes in Equity Share capital during the year	—	—
Balance at the end of the reporting year	12.61	12.61

B) OTHER EQUITY

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at April 01, 2017 (A)	37.16	3.60	400.00	84.28	44.34	—	569.38
Additions during the year							
Profit for the year	—	—	—	122.89	—	—	122.89
Items of OCI for the year (net of taxes)							
Remeasurement of Defined Benefit Plans	—	—	—	- 2.78	—	—	- 2.78
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	14.64	—	14.64
Total Comprehensive Income for the Year 2017-18 (B)	—	—	—	120.11	14.64	—	134.75
Reductions during the year							
Dividend	—	—	—	12.61	—	—	12.61
Income Tax on dividend	—	—	—	2.57	—	—	2.57
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (C)	—	—	- 100.00	115.18	—	—	15.18
Balance as at March 31, 2018 (D) = (A+B-C)	37.16	3.60	500.00	89.21	58.98	—	688.95

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2019 (Contd.)

₹ crores

B) OTHER EQUITY (Contd.)

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at March 31, 2018 (D) = (A+B-C)	37.16	3.60	500.00	89.21	58.98	—	688.95
Additions during the year:							
Profit for the year	—	—	—	190.00	—	—	190.00
Items of OCI for the year (net of taxes)							
Remeasurement benefit of Defined Benefit Plans	—	—	—	- 0.02	—	—	- 0.02
Net Fair Value Gain on Investment in equity Instruments through OCI	—	—	—	—	- 2.68	—	- 2.68
Items that will be reclassified to Statement of Profit and loss	—	—	—	—	—	1.71	1.71
Total Comprehensive Income for the Year 2018-19 (E)	—	—	—	189.93	- 2.68	1.71	189.01
Reductions during the Year							
Dividend	—	—	—	18.92	—	—	18.92
Income Tax on dividend	—	—	—	3.89	—	—	3.89
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (F)	—	—	- 100.00	122.81	—	—	22.81
Balance as at March 31, 2019 (G) = (D+E-F)	37.16	3.60	600.00	156.38	56.30	1.71	855.15

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N GOPALARATNAM
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Deputy Managing
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K S KASI VISWANATHAN
Managing Director

Chennai
May 25, 2019

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019

	Year ended 31-03-2019 ₹ crores	Year ended 31-03-2018 ₹ crores
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	271.31	175.19
Adjustments for:		
Add:		
Assets discarded	0.13	0.11
Depreciation	33.78	31.94
Allowance for Doubtful debts	—	1.01
Interest on Interest Free Sales Tax Defferal Loan	1.34	1.57
Interest and financing charges	12.47	12.73
	<u>47.72</u>	<u>47.36</u>
	319.03	222.55
Less:		
Interest income from Term Deposits	12.57	1.36
Income from Investments	0.82	1.16
Remeasurement of Defined benefit plan	0.04	4.25
Deferred income arising from government grant	1.10	1.10
Profit / Loss on sale of assets	—	0.58
	<u>14.53</u>	<u>8.45</u>
Operating profit before working capital changes	304.50	214.10
Increase / Decrease in working capital:		
Increase / Decrease in Inventories	23.21	- 28.81
Increase / Decrease in Sundry Debtors	27.20	- 0.94
Increase / Decrease in Other Assets	- 44.04	25.71
Increase / Decrease in Liabilities and Provisions	19.02	49.62
	<u>25.39</u>	<u>45.58</u>
Income tax paid	- 57.07	- 34.39
Net cash from operating activities	<u>272.82</u>	<u>225.29</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	- 29.73	- 54.44
Value of discarded assets	- 0.13	- 0.11
Sale of Property, Plant and Equipment	0.20	1.57
Income from Investments	0.82	1.16
Sale of Investments	0.71	—
Interest income from Term Deposits	12.57	1.36
Income from Inter Corporate Deposit	0.05	0.05
Inter Corporate Deposit	- 0.60	—
Net cash used in investing activities	<u>- 16.11</u>	<u>- 50.41</u>

— SESHASAYEE PAPER AND BOARDS LIMITED —

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019 (Contd.)

	Year ended 31-03-2019	Year ended 31-03-2018
	₹ crores	₹ crores
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / decrease in Unsecured Loans	- 3.88	- 3.61
Increase / Decrease of non-current borrowings	- 49.94	- 19.28
Dividend and Dividend tax paid	- 22.81	- 15.18
Interest and financing charges paid	- 12.39	- 13.02
Net cash from financing activities	- 89.02	- 51.09
Net increase in cash and cash equivalents (I)	167.69	123.79
Cash and cash equivalents as at the beginning of the Year (II)	142.88	19.09
Cash and cash equivalents as at the end of the Year (I + II)	310.57	142.88

Notes:

1. Cash and cash equivalents represent cash in hand and cash with Scheduled Banks including Term Deposit.
2. Cash from operating activities has been prepared following the indirect method.
3. Figures for the previous year have been re-grouped wherever necessary.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
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N GOPALARATNAM
Chairman

MOHAN VERGHESE CHUNKATH
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V. SRIDAR
Directors.

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

Chennai
May 25, 2019

1 NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Company Background

Seshasayee Paper and Boards Limited is a Company incorporated in India under The Companies Act, 1956 and is domiciled in India. Its Registered Office is located at Pallipalayam, Cauvery R.S. (PO), Erode – 638 007, Namakkal District (Tamil Nadu). The Company's shares are listed in National Stock Exchange of India Ltd and BSE Ltd.

The Company is engaged in the business of manufacture and sale of printing and writing paper and has its plant in two locations, one unit at Erode and another unit at Tirunelveli with an aggregate capacity to produce 210000 tonnes of paper, per annum.

A. Significant Accounting Policies and Key Accounting Estimates and Judgements

1. Significant Accounting Policies

1.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Effective April 1, 2017, the Company has adopted all the applicable Ind AS Standards and the adoption was carried out in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India (IGAAP), as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting Policies have been consistently applied except where a newly-issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto adopted.

1.2 Basis of preparation and compliance

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair values at the end of each reporting period, as explained in the Accounting Policies set out below. The financial statements are prepared on a 'going concern' basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that the market participants would take into account when pricing the asset or liability at the measurement date, assuming the market participants act in their economic best interest. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS-2 – Inventories or Value in Use in Ind AS 36 – Impairment of Assets.

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

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

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

Level 3 - Unobservable inputs for the asset or liability.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as '—' in these financial statements.

1.3 Current / Non-Current classification

An asset or liability is classified as Current if it satisfies any of the following conditions:

- (i) the asset / liability is expected to be realised / settled in the Company's normal operating cycle;
- (ii) the asset is intended for sale or consumption;
- (iii) the asset / liability is held primarily for the purpose of trading;
- (iv) the asset / liability is expected to be realised / settled within twelve months after the reporting period;
- (v) the asset is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- (vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as Non-Current.

For the purpose of Current / Non-Current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

Deferred Tax Assets and Liabilities are classified as Non-Current.

Advances given towards acquisition of fixed assets, outstanding at each Balance Sheet date, are disclosed as Other Non-Current Assets.

1.4 Recent Accounting Pronouncements

Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a

term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss.

The Standard is applicable for the accounting periods commencing on or after 01-04-2019. Accordingly, this Standard is not applicable for preparation of the financial statements for the year ended 31-03-2019. However, application of this Standard from 01-04-2019 does not have any impact for the Company.

Ind AS 12 – Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the Appendix, Companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the Companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Standard permits two possible methods of transition –

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

However, application of this Standard from 01-04-2019 does not have any significant impact for the Company.

1.5 Property, Plant and Equipment (PPE)

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 one period.

The cost of an item of Property, Plant and Equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

An item of PPE that qualifies for recognition as an Asset is measured on initial recognition at cost. Following initial recognition, PPEs are carried at their cost less accumulated depreciation and accumulated impairment losses.

- (i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPEs recognised as of April 1, 2016 (transition date), measured as per the previous IGAAP, as their deemed cost as on the transition date.
- (ii) The cost of an item of PPE comprises purchase price, taxes and duties, net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to Plans, Designs and Drawings of Buildings or Plant and Machinery is capitalised under relevant heads of PPE if the recognition criteria are met.
- Borrowing Costs (net of interest earned on temporary investments of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of the assets till the assets are substantially ready for their intended use.
- (iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.
- (iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalised at cost. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.
- (v) Capital Advances and Capital Work-in-Progress
- Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use which is generally on commissioning.
- (vi) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, as specified under Schedule II, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate.
- (vii) Estimated useful lives of the assets are as follows:

Asset	Years
Factory Buildings	30
Buildings (other than factory buildings)	60
Plant and Equipment (including continuous process plants) Generation, Transmission and Distribution of Power	40
Water Distribution Plant	30
Electric Distribution Plant	35
Other than above	25

Asset	Years
Furniture and Fixtures	10
Vehicles	
Motor Cycles, Scooter and Mopeds	10
Other Vehicles	8
Office Equipment	5
IT Hardware – Server	6
– Other than Server	3

Assets costing ₹ 5,000/- and below are depreciated in full within the Financial Year.

1.6 Intangible Assets

a. Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

b. Useful lives of Intangible Assets

Intangible Assets are amortised equally over the estimated useful life not exceeding ten years.

1.7 De-recognition of Tangible and Intangible Assets

An item of Tangible and Intangible Asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Tangible and Intangible Assets is determined as the difference between the sales proceeds, if any, and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

1.8 Impairment of Tangible and Intangible Assets

The Company annually reviews the carrying amounts of its Tangible and Intangible Assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

1.9 Revenue Recognition

Effective from April 01, 2018 the Company has adopted Ind AS 115 “Revenue from Contracts with Customers”. Application of this standard from 01 04 2018 does not have any impact on the revenue recognition and measurement.

a. Sale of products

Revenue is recognised at a point in time upon transfer of control of the products to customers i.e when the products are delivered to the common carrier, in an amount that reflects the consideration that the company expects to receive in exchange for those products.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the actual underlying performance obligation that corresponds to the progress by the customer / indenter towards earning the discount / incentive.

b. Dividend and interest income

Dividend income from investments is recognised when the shareholder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

c. Renewable Energy Certificates

Income from Renewable Energy Certificates entitlement is recognised on sale.

1.10 Inventories

Inventories are valued at lower of cost and net realisable value. Materials and other items intended for use in the production of inventories are not written-down below cost, if the finished goods in which they will be incorporated or expected to be sold at or above cost. Cost includes taxes and duties (other than taxes and duties for which input credit is available), freight and other direct expenses. Stocks of Raw Materials, Stores & Spares and Chemicals are valued at cost on weighted average basis. Finished Goods / Stock-in-Process are valued at cost and cost includes material, direct labour, overheads (other than selling and administrative overheads) incurred in bringing the inventory to their present location and condition. Net realisable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

1.12 Government grants

Government Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government Grants are recognised in the Statement of Profit and Loss on a systematic basis over the period in which the Company recognises as expense the related costs which the grants are intended to compensate. Specifically, Government Grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance Sheet and transferred to the Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

Government Grants that are receivable as compensation for expenses or losses incurred or for the purpose of giving immediate financial support to the Company with no future related costs like Export benefits, are recognised in the Statement of Profit and Loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Income from such benefit is recognised on a straight-line basis over the period of the loan during which the Company recognises interest expense under EIR method on such loans.

1.13 Employee Benefits

a. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short Term Employee Benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of Short Term Employee Benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

b. Post Employment Benefits

(i) Defined Contribution Plans

Payments to Defined Contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions to Provident Fund and Superannuation Fund are treated as Defined Contribution Plans, since funded with Provident Fund Commissioner (as per the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952) and Life Insurance Corporation of India, respectively.

(ii) Defined Benefit Plans

For Defined Benefit Retirement Plans, the cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each annual reporting date. The Defined Benefit Obligations recognised in the Balance Sheet represent the present value of the Defined Benefit Obligations as reduced by the fair value of plan assets, if applicable. Any Defined Benefit Asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions to the plan. Gratuity and Retirement Benefit Schemes operated by the Company are treated as Defined Benefit Plans.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognised in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefits liability / (asset)), are recognised in Other Comprehensive Income and taken to 'retained earnings'. (Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods).

The Company presents the above liability / (asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent Actuary. However, the liability towards gratuity, if any, is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

c. Other Long-term Employee Benefits

Entitlement to annual leave and sick leave are recognised when they accrue to employees. Annual leave/ sick leave can be availed or encashed either during service or on retirement subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each annual reporting date.

1.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial

liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Statement of Profit and Loss (FVTPL) are recognised immediately in Statement Profit and Loss.

1.16 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a. Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost. The debt instruments carried at amortised cost include Deposits, Loans and Advances recoverable in cash.

- ◇ the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ◇ the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

b. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of Profit and Loss.

c. Investments in Equity Instruments at FVTOCI

(i) Investments in Equity Instruments in Subsidiary and Associates :

The Company has elected to carry investment in Equity Instruments in Subsidiary and Associates at cost in accordance with Paragraphs 10 of 'Ind AS 27 – Separate Financial Statements'.

(ii) Investments in Other Equity Instruments:

The Company has irrevocably designated to carry investment in Other Equity Instruments at Fair Value through Other Comprehensive Income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in Fair Value in Other Comprehensive Income pertaining to Investments in Equity Instruments. This election is not permitted if the equity investment is held for trading. These elected investments were initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the 'Reserve for Equity Instruments through Other Comprehensive Income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within Equity.

The Company has Equity Investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see Note 3). Fair value is determined in the manner described in Note 1.2.

d. Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses "Expected Credit Loss" (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- ◇ The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ◇ Full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

For trade receivables or any contractual rights to receive cash or other financial assets that results from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to life time expected credit losses.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk, full lifetime ECL is used.

e. Derecognition of Financial Assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de recognition under Ind AS 109

Concomitantly, if the asset is one that is measured at:

- a) Amortised cost, the gain or loss is recognised in the Statement of Profit and Loss.
- b) Fair value through Other Comprehensive Income, the cumulative fair value adjustments previously taken to Reserves are reclassified to the Statement of Profit and Loss unless

the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to Reserves is reclassified within equity.

1.17 Financial Liabilities and Equity Instruments

a. Classification as Debt or Equity

Debt and Equity instruments issued by the Company are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

c. Financial Liabilities

All financial liabilities are initially recognised at the value of respective contractual obligations. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance Costs' line item.

d. Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

1.18 Derivative Financial Instruments and Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, by means of foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates hedging instruments in respect of foreign currency risk as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instrument is highly

effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, as exchange fluctuation gain / loss.

The cumulative gain or loss previously recognised in Other Comprehensive Income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in Other Comprehensive Income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in Other Comprehensive Income is transferred to the Statement of Profit and Loss in the same period when the hedged item affects Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

Fair Value Hedges

The Company designates derivative contracts as hedging instruments to mitigate the risk of change in fair value of hedged item in foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to Statement of Profit and Loss from that date.

1.19 Foreign Currency Transactions

a. Initial Recognition

On initial recognition, transactions in foreign currencies are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

b. Measurement of Foreign Currency items at reporting date

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

c. Recognition of Exchange Difference

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in Statement of Profit and Loss in the period in which they arise.

1.20 Cash Flow Statement

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

1.21 Taxes on Income

Taxes on income comprises of Current Tax and Deferred Tax.

a. Current Tax

Current Tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years (temporary differences) and items that are never taxable or deductible (permanent differences) under the Income Tax Act, 1961.

Current Tax is measured using tax rates and tax laws enacted during the reporting period together with any adjustment to tax payable in respect of previous years.

b. Deferred Tax

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax, 1961.

Deferred Tax liabilities are recognised for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognised.

Deferred Tax assets are recognised for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets or liabilities are not recognised.

The carrying amount of Deferred Tax Assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part of all of such deferred tax assets to be utilised.

Deferred Tax Assets and Liabilities are measured at the tax rates that have been enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement are in the form of unused tax credits and are accordingly grouped under Deferred Tax Assets.

c. Current and Deferred Tax for the year

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

1.22 Events after reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size of nature are only disclosed.

1.23 Financial and Management Information System

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

1.24 Segment Reporting

The Company is engaged in the business of manufacture and sale of writing and printing paper and there are no other reportable segments of operation of the Company.

1.25 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

B. Key Accounting Estimates and Judgments

1.26. Use of Estimates

The preparation of financial statements in conformity with Ind AS requires Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

1.27. Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

a. Fair value measurement and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

b. Useful life of Property, Plant and Equipments

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

c. Cash Discounts

In accordance with Ind AS-115, the Company deducts cash discounts from the revenue for sale of products. Cash discounts on the sale of products in the last month of the year is estimated based on the past experience.

d. Actuarial valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the State of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

e. Claims, Provisions and Contingent Liabilities

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on Management's assessment of specific circumstances of each dispute and relevant external advice, Management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

f. Tax Expense

Significant judgments and estimates are involved in estimating the budgeted profits for the purposes of advance tax, determining the provision for income tax, Minimum Alternate Tax and MAT Credit which may get revised pursuant to the determination by the Income Tax Authorities.

SESHASAYEE PAPER AND BOARDS LIMITED

₹ crores

2 PROPERTY, PLANT AND EQUIPMENT

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2018	Additions during the year	Deductions / Adjustments	As at 31-03-2019	As at 01-04-2018	Additions during the year	Deductions / Adjustments	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
LAND	4.17	—	—	4.17	—	—	—	—	4.17	4.17
BUILDINGS										
- FREE HOLD	96.83	5.18	—	102.01	7.97	4.00	—	11.97	90.04	88.86
- LEASEHOLD	0.14	—	—	0.14	0.01	—	—	0.01	0.13	0.13
PLANT AND EQUIPMENT	626.56	26.26	0.58	652.24	52.27	28.69	0.39	80.57	571.67	574.29
FURNITURE AND FIXTURES	1.77	0.11	—	1.88	0.18	0.09	—	0.27	1.61	1.59
VEHICLES	1.77	0.20	0.02	1.95	0.58	0.31	0.01	0.88	1.07	1.19
OFFICE EQUIPMENT	1.32	0.86	0.14	2.04	0.86	0.41	0.14	1.13	0.91	0.46
	732.56	32.61	0.74	764.43	61.87	33.50	0.54	94.83	669.60	670.69

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2017	Additions during the year	Deductions / Adjustments	As at 31-03-2018	As at 01-04-2017	Additions during the year	Deductions / Adjustments	As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
LAND	4.17	—	—	4.17	—	—	—	—	4.17	4.17
BUILDINGS										
- FREE HOLD	93.90	3.05	0.12	96.83	4.03	3.94	—	7.97	88.86	89.87
- LEASEHOLD	0.14	—	—	0.14	—	0.01	—	0.01	0.13	0.14
PLANT AND EQUIPMENT	564.08	63.42	0.94	626.56	25.50	26.84	0.07	52.27	574.29	538.58
FURNITURE AND FIXTURES	1.75	0.02	—	1.77	0.10	0.08	—	0.18	1.59	1.65
VEHICLES	1.61	0.16	—	1.77	0.28	0.30	—	0.58	1.19	1.33
OFFICE EQUIPMENT	1.11	0.21	—	1.32	0.44	0.42	—	0.86	0.46	0.67
	666.76	66.86	1.06	732.56	30.35	31.59	0.07	61.87	670.69	636.41

₹ crores

2 (A) CAPITAL WORK IN PROGRESS

Description	Gross Carrying Amount			Depreciation			Net Carrying Amount		
	As at 01-04-2018	Additions during the year	Deductions/ Adjustments	As at 31-03-2019	As at 01-04-2018	Additions during the year	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
CAPITAL WORK IN PROGRESS							23.36	26.82	
							23.36	26.82	

Description	Gross Carrying Amount			Depreciation			Net Carrying Amount		
	As at 01-04-2017	Additions during the year	Deductions / Adjustments	As at 31-03-2018	As at 01-04-2017	Additions during the year	As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
CAPITAL WORK IN PROGRESS							26.82	40.75	
							26.82	40.75	

2(B) OTHER INTANGIBLE ASSETS

Description	Gross carrying Amount			Amortisation			Net Carrying Amount		
	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
COMPUTER SOFTWARE	1.16	0.58	–	1.74	0.05	0.07	–	0.12	1.11
TECHNICAL KNOW-HOW	1.41	–	–	1.41	0.56	0.21	–	0.77	0.85
	2.57	0.58	–	3.15	0.61	0.28	–	0.89	1.96

Description	Gross carrying Amount			Amortisation			Net Carrying Amount		
	As at 01.04.2017	Additions during the year	Deductions/ Adjustments	As at 31.03.2018	As at 01.04.2017	Additions during the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
COMPUTER SOFTWARE	0.11	1.05	–	1.16	0.01	0.04	–	0.05	1.11
TECHNICAL KNOW-HOW	0.95	0.46	–	1.41	0.26	0.30	–	0.56	0.69
	1.06	1.51	–	2.57	0.27	0.34	–	0.61	0.79

- 2 (i) The Company has taken borrowings from banks which carry charge over all the assets of the Company (Refer Note No. 16 towards security.)
- 2 (ii) Refer Note No 37(b) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.
- 2 (iii) The amount of Borrowing Costs Capitalised during the year ended 31st March 2019 was ₹ 0.51 crores (Previous Year ₹ 4.98 crores).

The Company has applied Capitalisation rate of 10.05% (Previous year 10.11%) which is the Effective Interest Rate (EIR) of the Specific Borrowings.

SESHASAYEE PAPER AND BOARDS LIMITED

	No of shares	Face Value	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
3 INVESTMENTS				
Non Current Investments				
A. Investments in Equity Instruments				
a. Quoted Equity Shares				
(i) Associate				
(Measured at cost)				
Ponni Sugars (Erode) Limited	2360260	10	19.60	19.60
(ii) Others				
Investments Measured at Fair Value through Other Comprehensive Income				
Housing Development Finance Corporation Limited	265830	2	52.32	48.53
HDFC Bank Limited	2500	2	0.58	0.47
IDBI Bank Limited *			—	0.82
High Energy Batteries (India) Limited	282911	10	6.61	11.61
Tamilnadu Newsprint and Papers Limited	100000	10	2.06	3.48
Total Quoted Equity Shares			81.17	84.51
* 114080 shares of IDBI Bank Limited sold on open offer during the year for ₹ 0.70 crores (cumulative loss ₹ 0.21 crores)				
b. Unquoted Equity Shares				
(i) Subsidiary				
(Measured at cost)				
Esvi International (Engineers & Exporters) Limited	125000	100	14.03	14.03
(ii) Others				
Investments Measured at Fair Value through Other Comprehensive Income				
SPB Projects and Consultancy Limited	50000	10	0.05	0.05
Total Unquoted Equity Shares			14.08	14.08
Total Investments In equity Instruments			95.25	98.59
Aggregate amount of :				
Quoted Investments - At Cost			24.61	25.52
Quoted Investments - At Market value			93.17	98.66
Unquoted Investments - At Cost			14.08	14.08

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
4 LOANS		
(Non-current Financial Assets)		
Unsecured considered good		
a) Security Deposit	11.11	6.17
b) Loan to Related Party		
Due from SPB Equity Shares Trust	12.50	12.50
c) Other Loans		
Intercorporate loans	6.01	5.32
	<u>29.62</u>	<u>23.99</u>
5 OTHER NON CURRENT ASSETS		
Capital Advances	4.80	1.35
Charges paid under Protest *	4.19	2.00
	<u>8.99</u>	<u>3.35</u>
* Includes		
- Energy Charges paid under protest to TNERC (Refer Note No. 37(a)(iv))	2.00	2.00
- Customs Duty paid under protest (Refer Note No. 37(a)(i))	0.28	—
- Grid Paralleling Charges paid under protest (not in the nature of contingent liability).	1.11	—
- Other duties and taxes paid under protest (not in the nature of contingent liability).	0.80	—
6 INVENTORIES		
Raw Materials *	51.99	65.43
Work- in- Progress	6.35	5.03
Finished Goods	—	—
Stock-in-Trade	2.20	4.03
Stores, Spares, Chemicals and others #	74.03	83.29
	<u>134.57</u>	<u>157.78</u>
* Includes Material In Transit	6.45	18.39
# Includes Material In Transit	32.81	43.43
(For method of valuation, please refer to Note No.1.10)		
(Please refer Note No.38(C)(3) for security created on Inventories)		

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
7 TRADE RECEIVABLES		
Trade Receivables		
a) Secured, Considered Good	28.07	30.10
b) Unsecured, Considered Good	49.64	76.35
c) Unsecured with significant increase in Credit Risk but Considered Good	1.54	—
d) Unsecured, Considered Doubtful	0.97	0.97
	<u>80.22</u>	<u>107.42</u>
Less:		
Allowance for bad and doubtful debts	0.97	0.97
	<u>79.25</u>	<u>106.45</u>
(Please refer Note No.38(C)(3) for security created on Receivables)		
8 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with banks	34.43	23.59
Term deposits with original maturity of less than 3 months	30.00	0.99
Cash on hand	0.20	0.25
	<u>64.63</u>	<u>24.83</u>
9 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Other Balances with Banks		
Term deposits with original maturity for more than 3 months but less than 12 months *	244.88	117.08
Unpaid dividend accounts	1.06	0.97
	<u>245.94</u>	<u>118.05</u>
* includes ₹ 0.01 crore (previous year ₹ 0.01 crore) given as Security Deposit with VAT Authorities.		
10 CURRENT ASSETS - LOANS		
Unsecured Considered good		
a) Other Loans		
Intercompany loans	0.62	—
	<u>0.62</u>	<u>—</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
11 OTHER CURRENT FINANCIAL ASSETS		
Insurance claim receivable	—	0.19
Others *	0.95	0.62
	<u>0.95</u>	<u>0.81</u>
* includes fair value of derivatives (net)		
12 CURRENT TAX ASSET (NET)		
Income tax (Net of provisions)	—	0.63
	<u>—</u>	<u>0.63</u>
13 OTHER CURRENT ASSETS		
a) Advances/Claims Recoverable in cash or in kind	5.57	5.66
b) Balance with Government Authorities		
- GST Receivable	42.90	10.35
c) Prepaid expenses	2.56	2.44
d) Advance to Employees	0.32	0.33
e) Export Incentive Receivable	2.61	2.49
f) Other receivable	1.50	1.63
	<u>55.46</u>	<u>22.90</u>
14 EQUITY SHARE CAPITAL		
Authorised		
4 00 00 000 - Equity Shares of ₹ 10 each	40.00	40.00
3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each	30.00	30.00
	<u>70.00</u>	<u>70.00</u>
Issued, Subscribed and Fully paid up:		
1 26 13 628 - Equity Shares of ₹ 10 each	12.61	12.61
	<u>12.61</u>	<u>12.61</u>

a) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at 31-03-2019	As at 31-03-2018
	No of Shares	No of Shares
	₹ crores	₹ crores
At the beginning and end of the year	12613628	12613628
	12.61	12.61

b) Terms / rights attached to Equity Shares

The Equity Shares of the Company having par value of ₹ 10 per share rank pari passu in all respects, including voting rights, dividend entitlement and repayment of capital.

c) Details of shareholders holding more than 5% Equity Shares in the Company

Name of Share Holders	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	% of Share Holding	No. of Shares	% of Share Holding
(a) Tamilnadu Industrial Investment Corporation Limited	1800000	14.27	1800000	14.27
(b) Ponni Sugars (Erode) Ltd (Associate)	1768181	14.02	1768181	14.02
(c) Synergy Investments Pte Ltd	1547695	12.27	1547695	12.27
(d) Time Square Investments (P) Ltd	1257621	9.97	1257621	9.97
(e) Atyant Capital India Fund I	676628	5.36	676628	5.36

15 OTHER EQUITY

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at April 01, 2017 (A)	37.16	3.60	400.00	84.28	44.34	—	569.38
Additions during the year							
Profit for the year	—	—	—	122.89	—	—	122.89
Items of OCI for the year (net of taxes)							
Remeasurement of Defined Benefit Plans	—	—	—	- 2.78	—	—	- 2.78
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	14.64	—	14.64
Total Comprehensive Income for the Year 2017-18 (B)	—	—	—	120.11	14.64	—	134.75
Reductions during the year							
Dividend	—	—	—	12.61	—	—	12.61
Income Tax on dividend	—	—	—	2.57	—	—	2.57
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (C)	—	—	- 100.00	115.18	—	—	15.18
Balance as at March 31, 2018 (D) = (A+B-C)	37.16	3.60	500.00	89.21	58.98	—	688.95

15 OTHER EQUITY (Contd.)

	₹ crores						
Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at March 31, 2018 (D) = (A+B-C)	37.16	3.60	500.00	89.21	58.98	—	688.95
Additions during the year:							
Profit for the year	—	—	—	190.00	—	—	190.00
Items of OCI for the year (net of taxes)							
Remeasurement benefit of Defined Benefit Plans	—	—	—	- 0.02	—	—	- 0.02
Net Fair Value Gain on Investment in equity Instruments through OCI	—	—	—	—	- 2.68	—	- 2.68
Items that will be reclassified to Statement of Profit and loss	—	—	—	—	—	1.71	1.71
Total Comprehensive Income for the Year 2018-19 (E)	—	—	—	189.93	- 2.68	1.71	189.01
Reductions during the Year							
Dividend	—	—	—	18.92	—	—	18.92
Income Tax on dividend	—	—	—	3.89	—	—	3.89
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (F)	—	—	- 100.00	122.81	—	—	22.81
Balance as at March 31, 2019 (G) = (D+E-F)	37.16	3.60	600.00	156.38	56.30	1.71	855.15

Description of nature and purpose of each reserve.

General Reserve

General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of Equity to another and is not an item of Other Comprehensive Income. It is a free reserve created to enhance the Net Worth of the Company.

Capital Reserve

Capital Reserve represents gain of a capital nature and is not available for dividend declaration.

Securities Premium Account

Securities Premium account records the premium component on issue of shares and can be utilised in accordance with the provisions of Companies Act, 2013.

Cash Flow Hedge Reserve

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
16 BORROWINGS		
(Non-Current Financial Liabilities)		
Secured		
Unit: Erode - Term Loan		
From Banks	25.46	38.53
Unit: Tirunelveli -Term Loan		
From Banks	17.15	42.64
Unsecured		
From others - Interest Free Sales tax Loan	8.87	10.63
	51.48	91.80

(i) Term Loans from Banks, including its current maturities (Refer Note No. 22) are secured by Mortgage of Immovable properties of respective units, consisting of land (excluding 57.93 acres together with structures thereon of Unit : Erode), buildings, fixed plant and machinery (excluding Captive Power Plant assets of Unit : Erode), fixtures and fittings.

(ii) Term Loans Outstanding, Rates of Interest & Terms of Repayment

Term Loan No.	Unit	Outstanding as at 31-03-2019 (₹ crores) *	Present Interest Rate (% p.a.)	No. of Installments pending	Repayment Tenure	Last Installment falling Due on
I	Erode	20.00	9.35	33	Monthly	December 2021
II	Erode	12.86	9.30	18	Quarterly	July 2023
III	Erode	9.59 ^	9.35	24	Quarterly	January 2025
IV	Tirunelveli	16.75	9.40	2	Quarterly	July 2019
V	Tirunelveli	26.00	9.40	12	Quarterly	March 2020

^ Term Loan Sanctioned ₹ 40.0 crores; Of which only ₹ 9.59 crores availed until 31-03-2019.

* The Outstanding includes current maturities of Long Term Debt. (Refer Note No. 22).

(iii) Interest free Sales Tax loan under Sales Tax Deferment Scheme of Government of Tamil Nadu

Interest free Sales Tax loan under Sales tax Deferment Scheme of Government of Tamil Nadu has a deferment period of 10 years from 01.06.2013. Out of total loan of ₹ 47.64 crores, the Company has already repaid ₹ 32.79 crores up to March 31, 2019. The Company has adopted previous GAAP for the carrying amount of the loan at the date of transition and has applied Ind AS 109 after the date of Transition.

Loan outstanding as at April 01, 2016 was valued at fair value and the difference between gross outstanding and fair value of loan was the benefit derived from interest free loan and is recognised as deferred income. Interest on the loan is recognised in the Statement of Profit and Loss applying effective interest rate of 10%. (Refer Note No. 1.12).

(iv) Default in Repayment of principal and Interest - NIL

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
17 OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security deposits	17.00	16.00
	17.00	16.00
18 OTHER LIABILITIES (Non-Current Liabilities)		
Deferred Income arising from Government grants (Refer Note No. 1.12)	3.29	4.39
	3.29	4.39
19 PROVISIONS (Non-Current Liabilities)		
a) Provision for Employee Benefits		
Provision for Leave Encashment and Retirement Fund	6.81	6.23
b) Others		
Provision for Generation tax	11.11	10.32
	17.92	16.55

SESHASAYEE PAPER AND BOARDS LIMITED

20 DEFERRED TAX LIABILITY (NET)

₹ crores

Particulars	As at 01-04-2018	Recognised in Statement of P&L during 2018-19	OCI during 2018-19	As at 31-03-2019
As at 31-03-2019				
Deferred Tax Liabilities				
Difference between WDV of Fixed Assets as per the books of accounts and IT Act 1961.	166.03	0.82	—	166.85
Deferred Tax Assets				
Expenses allowable for tax purpose on payment basis	- 9.32	1.09	—	- 8.23
Difference in carrying value and tax base of Interest Free Sale Tax Loan (IFSTD) measured at FVTPL	- 0.43	- 0.09	—	- 0.52
Remeasurement of Defined Benefit Plans	- 2.15	—	0.03	- 2.12
Income Tax relating to items that will be reclassified to Statement of Profit and Loss			0.92	0.92
Deferred Tax Liability	154.13	1.82	0.95	156.90
Tax Credit				
MAT Credit Entitlement *	56.65	- 21.35	—	35.30
	<u>97.48</u>			<u>121.60</u>

Particulars	As at 01-04-2017	Recognised in Statement of P&L during 2017-18	OCI during 2017-18	As at 31-03-2018
As at 31-03-2018				
Deferred Tax Liabilities				
Difference between WDV of Fixed Assets as per the books of accounts and IT Act 1961.	151.75	14.28	—	166.03
Deferred Tax Assets				
Expenses claimed for tax purpose on payment basis	- 8.20	- 1.12	—	- 9.32
Difference in carrying value and tax base of IFSTD loan measured at FVTPL	- 0.27	- 0.16		- 0.43
Remeasurement of Defined Benefit Plans	- 0.68	—	- 1.47	- 2.15
Deferred Tax Liability	142.60	13.00	- 1.47	154.13
Tax Credit				
MAT Credit Entitlement *	59.53	- 2.88	—	56.65
	<u>83.07</u>			<u>97.48</u>

* Includes adjustment for MAT Credit Entitlement for difference between estimates and actuals of the early year. (current year adjustment ₹ 0.06 crores Previous year 0.40 crores)

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
21 TRADE PAYABLES		
a) Total outstanding dues of Micro and Small and Medium Enterprises.	21.50	0.47
b) Total Outstanding dues of creditors other than Micro and Small and Medium Enterprises.	238.56	235.97
	<u>260.06</u>	<u>236.44</u>
21 (i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.		
21 (ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows		
	2018-19	2017-18
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.	21.50	0.47
ii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
v) Interest accrued and remaining unpaid at the end of each accounting year:	Nil	Nil
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
22 OTHER FINANCIAL LIABILITIES		
(Current Financial Liabilities)		
Current maturities of Long Term Borrowings (Refer Note No. 16)	42.35	53.53
Current maturities of Interest Free Sales Tax Loan (Refer Note No.16 (iii))	3.10	3.88
Interest Accrued but not due	0.09	0.20
Unpaid Dividends	1.06	0.97
Others;		
- Payable for capital expenditure	1.75	2.45
- Security Deposit	1.55	2.07
- Retention Monies	4.39	3.34
- Employees dues	8.70	9.61
	62.99	76.05
23 OTHER CURRENT LIABILITIES		
Other liabilities:		
- Statutory Liabilities	2.46	8.81
Deferred Income arising from Government grants (Refer Note 1.12)	1.10	1.10
	3.56	9.91
24 CURRENT PROVISIONS		
Provision for Employee Benefits	3.69	5.95
	3.69	5.95
25 CURRENT TAX LIABILITIES (NET)		
Income Tax (Net of Advance Tax)	1.15	0.72
	1.15	0.72

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2019	Year ended 31-03-2018
	₹ crores	₹ crores
26 REVENUE FROM OPERATIONS		
A) REVENUE FROM SALE OF PRODUCTS		
Paper and Paper Boards		
India *	1035.18	901.49
Rest of the World	240.63	163.92
	<u>1275.81</u>	<u>1065.41</u>
Stock in Trade		
India	36.75	32.46
	<u>1312.56</u>	<u>1097.87</u>
* Includes Excise Duty for the period April to June 2017		
Break-up of Revenue from Sale of Products - Contracted Price and adjustments		
Sales Value at Contracted price	1359.88	1142.43
Add : Export benefits	9.49	6.34
Less : Adjustments		
Cash Discount	25.16	18.77
Other Discounts / Incentives	31.65	32.13
	<u>56.81</u>	<u>50.90</u>
	<u>1312.56</u>	<u>1097.87</u>
B) OTHER OPERATING INCOME		
Sale of Renewable Energy Certificates	—	9.72
Others	12.68	10.20
	<u>12.68</u>	<u>19.92</u>
27 OTHER INCOME		
Interest Income		
- On financial assets carried at Amortised Cost	15.49	4.51
Dividend Income from Equity Investments measured at fair value through OCI	0.58	0.57
Dividend Income from Equity Investments in Associate	0.24	0.59
Government Grant (Refer Note No. 1.12)	1.10	1.10
Other non-operating income	4.50	2.63
Net Exchange Gain	1.15	—
	<u>23.06</u>	<u>9.40</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2019		Year ended 31-03-2018	
	₹ crores	₹ crores	₹ crores	₹ crores
28 COST OF MATERIALS CONSUMED				
Raw material				
i) Wood	231.54		211.33	
ii) Bagasse	16.70		16.30	
iii) Purchased Pulp	102.56		87.58	
iv) Waste Paper	54.52		40.02	
	<u>405.32</u>		<u>355.23</u>	
Feeding and other Charges	7.66		6.08	
		412.98		361.31
Chemicals & Consumables		224.18		188.31
Packing Materials		22.67		11.78
		<u>659.83</u>		<u>561.40</u>
29 PURCHASE OF STOCK-IN-TRADE				
Notebook & Paper		7.44		6.12
Petroleum Products		25.98		23.08
		<u>33.42</u>		<u>29.20</u>
30 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN- TRADE AND WORK-IN-PROGRESS				
Opening stock				
- Finished goods	—		—	
- Work in progress	5.04		5.30	
- Stock-in-Trade	4.03		5.76	
		9.07		11.06
Closing stock				
- Finished goods	—		—	
- Work in progress	6.35		5.04	
- Stock-in-Trade	2.20		4.03	
		8.55		9.07
		<u>0.52</u>		<u>1.99</u>

— SESHASAYEE PAPER AND BOARDS LIMITED —

	Year ended 31-03-2019		Year ended 31-03-2018	
	₹ crores	₹ crores	₹ crores	₹ crores
31 EMPLOYEE BENEFITS EXPENSE				
Salaries and wages		56.05		55.70
Contribution to Provident & other Funds (Refer Note No.1.13)		6.97		6.64
Staff welfare Expenses		6.26		6.02
		<u>69.28</u>		<u>68.36</u>
32 FINANCE COSTS				
Interest on financial liabilities carried at amortised cost - Effective interest method				
- Interest on borrowings		9.79		10.17
- Interest on interest free Sales tax loan (Refer Note No. 1.12)		1.34		1.57
Interest on Security Deposits measured at Amortised Cost		1.97		1.85
Other borrowing costs		0.71		0.71
		<u>13.81</u>		<u>14.30</u>
33 DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation of Property, Plant and Equipment (Refer Note No. 2)		33.50		31.59
Amortisation of Intangible assets (Refer Note No. 2(B))		0.28		0.35
		<u>33.78</u>		<u>31.94</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2019		Year ended 31-03-2018	
	₹ crores	₹ crores	₹ crores	₹ crores
34 OTHER EXPENSES				
Power and Fuel				
(i) Purchased Power	32.11		26.81	
(ii) Consumption of Fuel	123.53		113.15	
(iii) Generation Tax	2.19		2.19	
		157.83		142.15
Rent		0.51		1.06
Repairs and Maintenance				
- Buildings	6.71		5.40	
- Plant & Machinery	37.54		34.92	
- Others	2.22		1.55	
		46.47		41.87
Insurance		2.85		2.53
Rates and Taxes		2.64		1.07
Selling and Distribution Expenses		32.14		25.77
Net foreign exchange loss		—		0.21
Allowance for doubtful debts		—		1.01
Auditors' remuneration		0.52		0.42
(Refer Note No. 36 (a))				
Corporate Social Responsibility expenses		2.58		1.76
(Refer Note No. 36 (b))				
Miscellaneous		20.81		18.66
		266.35		236.51
			Year ended 31-03-2019	Year ended 31-03-2018
			₹ crores	₹ crores
35 TAX EXPENSE				
(A) The major components of Income Tax expense for the year are as under:				
Tax expenses recognised in the Statement of Profit and Loss				
Current Tax				
Current tax on the Taxable income for the year		58.20		36.02
		58.20		36.02
Deferred Tax comprises:				
Deferred Tax Liability on account of depreciation		0.82		14.28
Disallowance of expenses Under Section 43B and other				
Temporary difference		1.09		- 1.12
Deferred Tax Asset on account of Interest Free Sales Tax Loan		- 0.09		- 0.16
MAT Credit Entitlement		21.29		3.28
		23.11		16.28
Total Tax Expense		81.31		52.30

Year ended 31-03-2019	Year ended 31-03-2018
₹ crores	₹ crores

35 TAX EXPENSE (Contd.)

(B) Reconciliation of Tax expense and the accounting profit for the year is as under:

Enacted income tax rate in India applicable to the Company	34.94%	34.61%
Profit Before Tax	271.32	175.19
Current tax expenses on Profit Before Tax at the enacted income tax rate in India	94.81	60.63
Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income		
Tax on CSR activities	0.90	0.61
Tax On Dividend exempt	- 0.57	- 0.68
Tax On Deduction U/S 80 IA	- 15.52	- 14.81
Tax on difference in Depreciation	- 1.44	- 3.70
Differential Tax on Income taxed at Special Rate		
(i) REC Credit	—	- 2.23
(ii) Capital Gain (LTCG)	—	- 0.48
MAT Credit Entitlement	- 21.29	- 3.28
Other Differences	1.31	- 0.04
	- 36.61	- 24.61
Current Tax for the Year	58.20	36.02
Effective rate of tax	21.45%	20.56%

(C) Taxes on items of OCI:

A	Items that will not be reclassified to Statement of Profit and Loss		
(i)	Income Tax on Remeasurement of Defined Benefit Plans	- 0.02	- 1.47
(ii)	Income Tax on Net Fair Value Gain/ (Loss) on Investment in Equity Instruments	0.05	—
B	Items that will be reclassified to Statement of Profit and Loss	0.92	—
		0.95	- 1.47

	Year ended 31-03-2019	Year ended 31-03-2018
	₹ crores	₹ crores
36 (a) PAYMENT TO AUDITORS		
Statutory Audit fees	0.26	0.20
Taxation Matters	0.16	0.10
Certification work	0.08	0.09
Reimbursement of expenses	0.02	0.03
	0.52	0.42
36 (b) CORPORATE SOCIAL RESPONSIBILITY EXPENSES		
a) Gross amount required to be spent as per section 135 of the Companies Act, 2013 read with Schedule VII thereof	2.57	1.64
b) Amount spent during the year	2.58	1.77
i. Construction / Acquisition of any assets	1.02	0.32
ii. Purpose other than (i) above	1.56	1.45
37 CONTINGENT LIABILITIES AND COMMITMENTS		
a. Contingent Liabilities		
Claims against the company not acknowledged as debts:		
(i) Demands for various years relating to Central excise, Customs duty, Service tax and VAT contested in appeal	6.24	5.71
(ii) Differential duty on Coal imported and consequent penalty contested before CESTAT, Chennai	21.64	21.64
(iii) Demand by Public Works Department based on Sanctioned quantity of water as against actual water drawn contested in writ petition before Hon'ble High Court of Madras.	17.88	15.48
(iv) Demand towards energy charges as per TNERC order contested in writ petition before Hon'ble High Court of Madras.	4.63	4.63
(v) Other - Demand contested.	0.18	0.18
(vi) Guarantees	—	—
b. Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for:	13.84	4.37

SESHASAYEE PAPER AND BOARDS LIMITED

38 (A) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

		₹ crore			
	Refer Note	Non Current As at 31-03-2019	As at 31-03-2018	Current As at 31-03-2019	As at 31-03-2018
Financial Assets measured at Fair Value through Profit or Loss (FVTPL)					
		—	—	—	—
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in quoted equity shares*	3 (A) (a)	61.57	64.91	—	—
Investments in Unquoted equity shares	3 (A) (b)	14.08	14.08	—	—
Financial Assets measured at amortised cost					
Loans	4 / 10	29.62	23.99	0.62	—
Trade Receivables	7	—	—	79.25	106.45
Cash and Cash Equivalents	8	—	—	64.63	24.83
Bank balances other than Cash And Cash Equivalents	9	—	—	245.94	118.05
Other current Financial Asset	11	—	—	0.95	0.81
Financial Liabilities measured at Fair Value through Profit and Loss					
Financial Liabilities measured at amortised cost					
Term Loan from Banks	16 / 23	42.61	81.17	42.35	53.53
Interest free sales tax Loan	16 / 23	8.87	10.63	3.10	3.88
Other Financial Liabilities	17	17.00	16.00	—	—
Trade Payables	22	—	—	260.06	236.44
Other Financial Liabilities	23				
Interest accrued but not due on borrowings		—	—	0.09	0.20
Unpaid / Unclaimed Dividend		—	—	1.06	0.97
Payable towards capital expenditure		—	—	1.75	2.45
Security Deposit		—	—	1.55	2.07
Retention Monies		—	—	4.39	3.34
Employees Dues		—	—	8.70	9.61

* Investments in these equity shares are not held for trading. Upon the application of Ind AS 109-Financial instruments, the Company has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these Investments in the statement of Profit and Loss may not be indicative of the performance of the Company.

38 (B) FAIR VALUE MEASUREMENTS

				₹ crores
		Fair value hierarchy		
As at 31st March 2019	Fair value	Quoted price in active Markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)
Financial Assets/Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	61.57	61.57		
Investments in Unquoted equity shares	0.05	—		0.05
As at 31st March 2018				
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	64.91	64.91		
Investments in Unquoted equity shares	0.05			0.05

1. The fair value of quoted investment in quoted equity shares measured at quoted price.
2. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
3. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counter parties.

38 (C) FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

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

The Company has financial risk exposure in the form of market risk, credit risk and liquidity risk. The risk management policies of the Company are monitored by the Board of Directors. The present disclosure made by the Company summarizes the exposure to the financial risks.

1) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: currency risk, interest rate risk and other price risk. The financial instruments affected by market risk includes rupee term loan and loans & advance.

a) Interest Rate Risk exposure

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has availed significant rupee term loans at floating (reset every year) interest rates. The interest rate is at 0.65% to 1.0% (spread) plus MCLR rate of respective Bank and the interest rate is reset once in every year, as per the loan facility agreement. The Company has not entered into any of the interest rate swaps and hence, the Company is exposed to interest rate risk.

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

	31-03-2019	31-03-2018
	₹ crores	₹ crores
Variable rate borrowings	84.96	135.14
Fixed rate borrowings	—	—
	84.96	135.14

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

Rupee term loan

	31-03-2019	31-03-2018
	₹ crores	₹ crores
(i) Weighted average interest rate (%)	9.37	9.63
(ii) Balance (₹ crores)	84.96	135.14
(iii) % of Total Loan	100	100

Interest Rate Sensitivity analysis

The Company considering the economic environment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. The interest rate for the Company are floating rates and hence, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

	Impact on Profit before tax	
	31-03-2019	31-03-2018
	₹ crores	₹ crores
Interest rates - increase by 50 basis points	- 0.42	- 0.68
Interest rates - decrease by 50 basis points	0.42	0.68

The interest rate sensitivity analysis is done holding on the assumption that all other variables remaining constant.

The increase/decrease in interest expense is chiefly attributable to the Company's exposure to interest rates on its variable rate of borrowings.

b) Foreign currency risk exposure

The Company imports pulp, waste paper and other stores & spares for which payables are denominated in foreign currency. The Company is exposed to foreign currency risk on these transactions. The Company follows a prudent and sound policy by entering into simple Forward Exchange Contracts to hedge the foreign currency risk whose maturity is coterminous with the maturity period of the foreign currency liabilities (underlying). The Company didn't have any 'open position' with regard to Foreign Exchange liability as on 31st March 2019.

Exports are generally made against Letters of Credit on sight / usance basis or against advance payments or with terms as payments against Bill of Lading. Few supplies are also made on DA with usance terms. Advance payments and export proceeds realisation of the bills are now converted to Indian Rupee as per the terms of the Forward Contract taken for the month. Realizations exceeding the Forward Contract commitments are either credited to the EEFC Account or converted into Rupee values immediately, depending upon the rate of exchange prevailing at the time of negotiation of bills.

Forward Contract Obligations pending as at the end of the reporting period:

	(Amount in US \$)	
	As at 31-03-2019	As at 31-03-2018
Payment Obligations, towards Imports, hedged with Forward Contracts under		
- Fair Value Approach	12 940 222	10 478 114
- Cash Flow Approach	2 200 000	—
Export Realizations hedged with Forward Contract under		
- Cash Flow Approach	7 600 000	—

c) Other price risk

Other price risk is the risk that the fair value of a financial instruments will fluctuate due to changes in market traded prices. The Company's investment in fixed deposit with banks is fixed and hence, there is no risk price movement arising to the Company. The Company's equity investment in its subsidiary and associate is for strategic purposes and not held for trading. They are carried at cost and are hence not subjected to price related risk. Other investments in equity instruments are held with a view to hold them for a long-term basis and not held for trading. The investments are in fundamentally strong companies and temporary fluctuations in price do not attribute any investment risk.

2) Credit Risk

The credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, bank balances, other balances with banks and other receivables.

The credit risk arising from the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counterparties are public sector banks.

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

For trade receivables, as a practical expedient, the Company computes the credit loss allowance if there is life-time expected credit losses.

3) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company manages the liquidity risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making available the funds from realizing timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Also, the Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liabilities and monitoring balance sheet liquidity ratios. Further, the liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

Financial arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

	31-03-2019	31-03-2018
	₹ crores	₹ crores
Expiring within one year	235.41	239.00
Expiring beyond one year	—	—
	235.41	239.00

The Company makes an annual / long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities.

Undrawn Working Capital borrowing facilities (₹ 146 crores), sanctioned by Consortium of Bankers, 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 respective plants
- Second charge, by way of mortgage of immovable properties of respective plants, 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 Rs 85.00 crores, of Unit : Erode

Security creation for the Undrawn Working Capital facility of Rs 59 crores (additional sanction by the Lead Consortium Banker) is in process, as at 31-03-2019.

Period and amount of continuing default in respect of above said borrowing facilities: Nil

38 (D) CAPITAL MANAGEMENT

The Company adheres to a cautious capital management that seeks to trigger growth creation and maximization of shareholders' value. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the shareholders of the Company. The Company has been funding its growth and acquisition plans and working capital requirements through a balanced approach of internal accruals and external debt from banks. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt component of the Company.

The following table summarises the capital of the Company:

Particulars	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
Equity	867.76	701.56
Debt	96.93	149.22
Cash and cash equivalents	309.51	141.91
Net Debt	- 212.58	7.31
Total Capital (Equity + Net Debt)	655.18	708.87
Net Debt to Capital Ratio	- 0.32	0.01

38 (E) DIVIDEND

Dividend on equity shares paid during the year	18.92	12.61
Dividend distribution tax	3.89	2.57
	22.81	15.18

Proposed Dividend

The Board of directors at its meeting held on 25th May 2019 have recommended a payment of dividend of ₹ 20 per equity share of face value of ₹ 10 each for the financial year ended 31st March 2019. The same amounts to ₹ 30.41 crores including Dividend distribution tax of ₹ 5.18 crores.

- 39** 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

40 Information on Related party Transactions as Required by Ind AS 24-Related Party Disclosure for the year ended 31st March 2019

Name of the Company	% of Holding as at 31-03-2019	% of Holding as at 31-03-2018
---------------------	--	-------------------------------------

A) Subsidiary : (where control exists)

Direct Subsidiary

- Esvi International (Engineers & Exporters) Limited (ESVIN)	100.00	100.00
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B) Associates:

- Ponni Sugars(Erode) Limited (PEL)	27.45	27.45
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C) Key Managerial Personnel:

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

DIRECTORS:

- Sri R V Gupta, I A S (Retd.)
- Mr Shambhu Kallollikar, I A S
- Dr Nanditha Krishna
- Sri S Narayan, I A S (Retd.)
- Dr(Tmt.) M Aarthi, I A S
- Sri A L Somayaji
- Sri V Sridar

D) Entities Controlled by Directors

- 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)

E) Transaction details :

	Transaction amount		Amount outstanding on 31-03-2019
	₹ crores 2018-19	₹ crores 2017-18	
(a) Esvi International (Engineers & Exporters) Limited			Assets :
- Investment made	—	—	Investments in: 0.01 crore Equity Shares (100%)

E) Transaction details :(Contd.)

	Transaction amount		Amount outstanding on 31-03-2019
	₹ crores 2018-19	₹ crores 2017-18	
(b) Ponni Sugars (Erode) Limited :			Assets :
			Investments in:
- Purchase of Bagasse	19.16	15.79	0.24 crore Equity
- Purchase of Sugar	0.07	0.08	Shares (27.45%)
- Sale of fuel	7.59	6.51	
- Sale of Paper, Water	0.08	0.06	Liabilities :
- Dividend paid	2.65	1.77	0.18 crore Equity
- Dividend received	0.24	0.59	Shares (14.02%)
- Other transactions (Net Debit)	0.14	0.41	
			Payable :
			₹ 3.52 crores
(c) Dhanashree Investments Private Limited			Liabilities :
- Rent and amenity charges	0.04	0.04	0.06 crore Equity
- Dividend paid	0.89	0.59	Shares (4.68%)
(d) Ultra Investments and Leasing Co. Private Limited			Liabilities :
- Dividend paid	0.28	0.19	0.02 crore Equity Shares (1.47%)
(e) Time Square Investments Private Limited			Liabilities :
- Dividend paid	1.89	1.26	0.13 crore Equity Shares (10.76%)
(f) SPB Projects and Consultancy Limited			Assets :
			Investments in:
- Reimbursement of expenses	—	—	0.01 crore Equity
- Inter Corporate Loan	0.60	—	Shares (16.67%)
- Interest on Inter Corporate Loan	0.02	—	
- Dividend paid	—	—	Inter Corporate loan and interest receivable ₹ 0.62 crore
			Liabilities :
			0.00 crore Equity Shares (0.02%)

E) Transaction details :(Contd.)

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

	Sri N Gopalaratnam ₹ crores	Sri K S Kasi Viswanathan ₹ crores	Sri V Pichai ₹ crores
Current Year 2018-19			
Short term employee benefits	1.60	1.63	1.63
Post Employee benefits (gratuity) & Long term benefits (Superannuation fund)	0.22	0.18	0.18
Contribution to Provident Fund	0.10	0.08	0.08
	1.92	1.89	1.89
Previous Year 2017-18			
Short term employee benefits	1.60	1.44	1.44
Post Employee benefits (gratuity) & Long term benefits (Superannuation fund)	0.22	0.18	0.18
Contribution to Provident Fund	0.10	0.08	0.08
	1.92	1.70	1.70

(h) Sitting fees and Commission to Directors

	2018-19 ₹ crores	2017-18 ₹ crores
Sitting fees	0.17	0.14
Commission	0.35	0.48
	0.52	0.62

Previous year Commission includes the arrears of commission relating to FY 2016-17 paid during the previous year

41 EARNINGS PER SHARE

	Year ended 31-03-2019	Year ended 31-03-2018
Profit after Tax (₹ crores)	190.00	122.89
Weighted average no of Shares	12613628	12613628
Basic earnings per share (₹)	150.63	97.43
Diluted earnings per Share (₹)	150.63	97.43

42 EMPLOYEE BENEFITS

(i) Defined Contribution Plans:

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 4.29 crores (Year ended March 31, 2018 ₹ 4.39 crores) for Provident Fund contributions and ₹ 0.32 crores (Year ended March 31, 2018 ₹ 0.32 crores) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.”

(ii) Defined Benefit Plans:

Gratuity (Funded) and Retirement Benefit Scheme (Unfunded) In respect of Gratuity, the most recent actuarial valuation of the plan assets and in respect of Gratuity and Retirement benefit Scheme the present value of the defined benefit obligation were carried out by actuarial valuation . The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan and the Retirement benefit Scheme of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit and through annual contributions to the funds managed by the Life Insurance Corporation of India. The Company is exposed to various risks in providing the above gratuity benefit and Leave encashment which are as follows:”

Interest Rate risk:

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Investment Risk :

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Salary Escalation Risk :

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future, based on past experience. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan’s liability.

Demographic Risk :

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions

42 EMPLOYEE BENEFITS (Contd.)

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	₹ crores	₹ crores	₹ crores	₹ crores
(i) Changes in Defined Benefit Obligations				
Present Value of - opening balance	30.06	26.50	1.20	1.48
Current Service Cost	1.85	1.52	0.06	0.08
Interest Cost	2.14	1.95	0.08	0.09
Actuarial (Gain) / Loss	- 0.61	4.29	0.01	- 0.04
Benefits paid	- 2.48	- 4.20	- 0.18	- 0.41
Present value - closing balance	30.96	30.06	1.17	1.20
(ii) Changes in the Fair Value of Plan Assets				
Opening Balance	28.08	26.50	—	—
Expected Return	2.14	2.10	—	—
Actuarial (Gain) / loss	- 0.64	—	—	—
Contributions by employer	3.86	3.68	0.18	0.41
Benefits paid	- 2.48	- 4.20	- 0.18	- 0.41
Closing Balance	30.96	28.08	—	—
Actual return	1.50	2.11	—	—
(iii) Amounts recognised in the Balance Sheet (as at year end)				
Present Value of Obligations	30.96	30.06	1.17	1.20
Fair Value of Plan Assets	30.96	28.08	—	—
Net Asset / (Liability) recognised	—	- 1.98	- 1.17	- 1.20
(iv) Expenses recognised in the Profit and Loss account statement.				
Current Service Cost	1.85	1.52	0.06	0.08
Interest on obligation	—	- 0.15	0.08	0.09
Total included in "Employee benefit expense"	1.85	1.37	0.14	0.17

42 EMPLOYEE BENEFITS (Contd.)

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	₹ crores	₹ crores	₹ crores	₹ crores
(V) Expenses recognized in Other Comprehensive Income				
Remeasurement on the net defined benefit liability				
- Actuarial Gain and Losses arising from changes in financial Assumption	0.82	- 3.23	- 0.01	0.08
- Actuarial Gain and Losses arising from changes in experience adjustment	- 0.21	- 1.06	—	- 0.04
Return on plan assets	- 0.64	—	—	—
Net cost in Other Comprehensive Income	- 0.03	- 4.29	- 0.01	0.04
Asset information				
- Insurer managed	100%	100%	NA	NA
Principal actuarial assumptions				
Mortality	Indian assured Lives Mortality (2012-14)			
Discount rate(%)	7.37	7.44	7.44	6.80
Future Salary increase (%)	8.00	8.00	NA	NA
Expected Rate of return of plan assets (%)	7.37	7.44	NA	NA
Expected average remaining working lives of employees (years)	7.8	6.4	NA	NA
Expected contribution (₹ in crores)	4.00	3.86		

The Company pays contributions to the insurer as determined by them. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds and Money Market Instruments. The expected rate of return on plan assets based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligation are as discussed above.

42 EMPLOYEE BENEFITS (Contd.)

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:"

Particulars	Post employment benefit			
	Gratuity		Retirement benefit Scheme	
	- Funded plan		-Non Funded plan	
	₹ crores 31-03-2019	₹ crores 31-03-2018	₹ crores 31-03-2019	₹ crores 31-03-2018
Discount Rate				
- 0.5% Increase	30.12	29.39	1.11	1.14
- 0.5% decrease	31.84	30.75	1.23	1.25
Salary Growth Rate				
- 0.5% Increase	31.88	30.80		
- 0.5% decrease	30.08	29.35		
Attrition Rate				
- 0.5% Increase	30.93	30.04		
- 0.5% decrease	30.98	30.07		

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in an increase in liability without corresponding increase in the asset).

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 4.00 crores (Previous year 2018 Actual ₹ 3.86 crores).

43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at their meeting held on 25th May 2019.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N GOPALARATNAM
Chairman

MOHAN VERGHESE CHUNKATH
DR. NANDITHA KRISHNA
A.L. SOMAYAJI
V. SRIDAR
Directors.

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

Chennai
May 25, 2019

**Consolidated Financial Statements
for the year ended
31st March 2019**

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

R SUBRAMANIAN AND COMPANY LLP
CHARTERED ACCOUNTANTS

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

**Report on the audit of Consolidated Ind AS
Financial Statements**

Opinion

We have audited the accompanying Consolidated Ind AS 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’) and its Associate, which comprise the Consolidated Balance Sheet as at March 31, 2019 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date and Notes to the Consolidated Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information hereinafter referred to as the Consolidated Financial Statements

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the associate referred to below in the other matters paragraph, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and its Associate as at March 31, 2019, the Consolidated

Profit (Including Other Comprehensive Income), the Consolidated statement of changes in Equity, and its Consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Response to Key Audit Matters & Conclusion
<p>◇ Purchase of Bagasse - Raw material from related party.</p> <p>During the year, the company has purchased Bagasse from a related party (Associate) for an aggregate purchase value of ₹ 19.16 crores, pursuant to a long-term agreement with the related party.</p> <p>We considered the purchase of Bagasse from a related party as a key audit matter as it constitutes a significant percentage of bagasse purchases, a key raw material.</p> <p>The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the quantities of Bagasse supplied, the calorific value of fuel supplied by the company and the calorific value of Bagasse determined by the both the parties.</p>	<p>◇ We understood and tested the design and operating effectiveness of controls as established by the management in determining the various parameters and the ultimate price determination.</p> <p>◇ We have also tested the relevant records and found the price determination to be in accordance with the agreement. Based on the above procedures, in our opinion the management's determination of the price of Bagasse for the year is considered to be reasonable.</p> <p>◇ The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the calorific value of fuel supplied to the related party and the calorific value of Bagasse determined by both the parties.</p>
<p>◇ As on 31st March 2019, the company carries cash and bank balances of ₹ 310.57 crores. We considered the amount of cash and bank balance as a key audit matter given the relative size of the balance in the financial statements</p>	<p>◇ We have verified and tested the design and operating effectiveness of controls with regard to maintenance of cash balances and preparation of bank reconciliation statements.</p> <p>◇ We have verified the cash balance at the end of the year as well as the bank reconciliation statements.</p> <p>◇ We have also received confirmation of balances from banks directly which corroborates with the results of our audit procedures.</p>
<p>◇ Provision for Income-tax has been made considering the deduction under Section 80-IA in respect of the captive power plant as well as MAT credit [Refer Note No. 35 (B)]. We consider this as a key audit matter given the relative significance of the tax provision in the Statement of Profit and Loss.</p>	<p>◇ We have verified the estimates and judgements made by the management in computing the income for the year as well as the deduction under Section 80-IA and found them to be consistent with the basis adopted in the earlier years and accepted by the Income-tax Department.</p> <p>◇ We have also verified the MAT credit available with the income-tax returns filed for the financial year 2017-18.</p> <p>◇ Based on these procedures, the management's estimate of provision for tax is found reasonable.</p>

Other Matters

- (a) 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 ₹ 2.62 crores as at March 31, 2019, total revenues of ₹ 0.33 crores and net cash inflow amounting to ₹ 0.01 crores for the year ended on that date, as considered in the Consolidated Financial Statements, have been audited by one of us.
- (b) The Consolidated Financial Statements include the Company's share of Total Comprehensive Income of ₹ 1.84 crores for the year ended March 31, 2019 as considered in the Consolidated Financial Statements, in respect of its Associate M/s Ponni Sugars (Erode) Limited. The Financial Statements of this Associate have been audited by other Auditors whose Reports have been furnished to us by the Management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amount and disclosures included in respect of this Associate and our Report in terms of sub-Section 10 of Section 143 of the Act, in so far as it relates to the aforesaid Associate is based solely on the Reports of the other Auditor.
- (c) The comparative financial information of the Group and its associates for the year ended 31st March, 2018 included in these consolidated financial statements, are based on the previously issued Consolidated financial statements audited by one of us for the year ended 31st March, 2018 dated 26th May, 2018.

Our opinion on the Consolidated Financial Statements above, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other Auditors.

Management Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance (including Other Comprehensive Income), Consolidated Changes in Equity and Consolidated Cash Flows of the Group, including its Associate, in accordance with Ind AS and other accounting principles generally accepted in India.

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 of the assets of the Group and its Associate 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 Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. They are also responsible for overseeing the Group's and its Associate's financial reporting process.

In preparing the Financial Statements, management of the Group and its Associate is responsible for assessing their ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and its associate or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

We also :

- ◇ Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◇ Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group and its Associate have adequate Internal Financial Controls system in place and the operating effectiveness of such controls.
- ◇ Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

- ◇ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and its Associate's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its Associate to cease to continue as a going concern.
- ◇ Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◇ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the Consolidated Financial statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the consolidated financial statements. For the associate included in the Consolidated Financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that,

individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

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

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

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 of the aforesaid Consolidated Financial Statements.
 - b) In our opinion, proper books of account as required by law have been kept by the Group & its Associate so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity 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 Indian Accounting Standards prescribed 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, 2019 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 and its Associate is disqualified as on 31st March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Group and its Associate, and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the Auditors report of Holding Company, Subsidiary company and associate company incorporated in India. Our report expresses unmodified opinion on the adequacy and operating effectiveness of the Internal Financial Control Over Financial Reporting of the Holding Company / Subsidiary, Associate Company incorporated in India for reasons stated therein.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group and its Associate to its

directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditors' 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 Group and its Associate have disclosed the impact of pending litigations on its financial position in its Consolidated financial statements.

ii. The Group and its Associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Subsidiary Company and Associate incorporated in India.

MAHARAJ N R SURESH AND CO.,

Firm Regn. No. 001931S

N R Suresh

Membership No. 021661

Partner

Chartered Accountants

R SUBRAMANIAN AND COMPANY LLP

Firm Regn. No. S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

Place : Chennai

Date : May 25, 2019

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SESHASAYEE PAPER AND BOARDS LIMITED.

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2019, we have audited the Internal Financial Controls Over Financial Reporting of SESHASAYEE PAPER AND BOARDS LIMITED (‘the Holding Company’) and its Subsidiary Company and Associate, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company and its Subsidiary Company and Associate 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 Holding 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 (‘the Act’).

Auditors’ Responsibility

Our responsibility is to express an opinion on the Group Company’s and Associate’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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 Auditors’ judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditors in terms of their Reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s Internal Financial Controls system over Financial Reporting of the Group and its Associate.

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 and to the best of our information and according to the explanations given to us, the Holding Company, its Subsidiary Company and its Associate incorporated in India has, in all material respects, an adequate Internal Financial Controls System Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at March 31, 2019, based on the Internal Control Over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

Other Matters

Our aforesaid Reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the Internal Financial Controls Over Financial Reporting in so far as it relates to the Subsidiary and Associate which are companies incorporated in India, is based on the corresponding Reports of the Auditors of such companies incorporated in India.

MAHARAJ N R SURESH AND CO.,

Firm Regn. No. 001931S

N R Suresh

Membership No. 021661

Partner

Chartered Accountants

Place : Chennai

Date : May 25, 2019

R SUBRAMANIAN AND COMPANY LLP

Firm Regn. No. S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2019

Particulars	Note No.	As At 31-03-2019 ₹ crores	As At 31-03-2018 ₹ crores
(A) ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	2	669.60	670.69
(b) Capital Work-in-Progress	2(A)	23.36	26.82
(c) Other Intangible Assets	2(B)	2.26	1.96
(d) Investment Property	2(C)	1.10	1.14
(e) Financial Assets			
(i) Investments	3	106.60	108.38
(ii) Loans	4	29.62	23.99
(f) Goodwill on Consolidation		11.78	11.78
(g) Other Non-current Assets	5	8.99	3.35
Total Non-current Assets		853.31	848.11
(2) Current Assets			
(a) Inventories	6	134.57	157.78
(b) Financial Assets			
(i) Trade Receivables	7	79.67	106.86
(ii) Cash and Cash Equivalents	8	64.74	24.93
(iii) Bank balances other than (ii) above	9	246.76	118.88
(iii) Loans	10	0.62	—
(iv) Others	11	1.02	0.88
(c) Current Tax Assets (Net)	12	—	0.65
(d) Other Current Assets	13	55.46	22.90
Total Current Assets		582.84	432.88
Total Assets		1436.15	1280.99
(B) EQUITY AND LIABILITIES			
I EQUITY			
(a) Equity Share capital	14	12.61	12.61
(b) Other Equity	15	880.59	712.86
Total Equity		893.20	725.47

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2019 (Contd.)

Particulars	Note No.	As At 31-03-2019 ₹ crores	As At 31-03-2018 ₹ crores
II LIABILITIES			
1 Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	51.48	91.80
(ii) Other Financial Liabilities	17	17.00	16.00
(b) Other Liabilities	18	3.29	4.39
(c) Provisions	19	17.92	16.55
(d) Deferred Tax Liabilities (net)	20	121.60	97.48
Total Non-current Liabilities		211.29	226.22
2 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	21	260.08	236.46
(ii) Other Financial Liabilities	22	63.20	76.26
(b) Other Current Liabilities	23	3.56	9.91
(c) Provisions	24	3.69	5.95
(d) Current Tax Liabilities	25	1.13	0.72
Total Current Liabilities		331.66	329.30
Total Equity and Liabilities		1436.15	1280.99

See accompanying Notes to the Consolidated Financial Statements.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N GOPALARATNAM
Chairman

MOHAN VERGHESE CHUNKATH
DR. NANDITHA KRISHNA
A.L. SOMAYAJI
V. SRIDAR
Directors.

N R Suresh
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Partner
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N Krishnamurthy
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V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

Chennai
May 25, 2019

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

Particulars	Note No.	Year ended 31-03-2019		Year ended 31-03-2018	
		₹ crores	₹ crores	₹ crores	₹ crores
I Revenue from Operations					
Revenue from sale of products	26A	1312.83		1098.25	
Other Operating Revenues	26B	12.68		19.92	
II Other Income	27	22.88		8.86	
III Total Income (I+II)			1348.39		1127.03
IV Expenses:					
Cost of Materials Consumed	28	659.83		561.40	
Purchase of Stock-in-Trade	29	33.42		29.20	
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress	30	0.52		1.99	
Excise Duty		—		13.14	
Employee Benefits Expense	31	69.28		68.36	
Finance Cost	32	13.81		14.30	
Depreciation and Amortisation Expenses	33	33.82		31.99	
Other Expenses	34	266.61		236.75	
Total Expenses (IV)			1077.29		957.13
V Profit before Exceptional Items and Tax (III-IV)			271.10		169.90
VI Exceptional Items			—		4.84
VII Profit / (Loss) Before Tax (V+VI)			271.10		174.74
VIII Share of Profits / (Loss) of Associate			2.32		0.92
IX Tax Expenses	35				
(1) Current Tax		58.26		36.09	
(2) Deferred Tax		23.11		16.28	
			81.37		52.37
X Profit / (Loss) for the period from Continuing Operations (VII+VIII-IX)			192.05		123.29

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019 (Contd.)

Particulars	Note No.	Year ended 31-03-2019 ₹ crores	Year ended 31-03-2018 ₹ crores
X Profit / (Loss) for the period from Continuing Operations (VII+VIII-IX)		192.05	123.29
XI Other Comprehensive Income (OCI)			
A Items that will not be reclassified to Statement of Profit and Loss			
(i) Remeasurement benefit of the Defined Benefit Plans		- 0.04	- 4.25
(ii) Net Fair Value Gain on investment in Equity Instruments through OCI		- 2.63	14.64
(iii) Income Tax relating to items that will not be reclassified to Statement of Profit and Loss		- 0.03	1.47
		- 2.70	11.86
(iv) Share of OCI in Associate		- 0.48	0.55
B (i) Items that will be reclassified to Statement of Profit and Loss		2.63	-
(ii) Income Tax relating to items that will be reclassified to Statement of Profit and Loss		- 0.92	-
		1.71	-
Total Other Comprehensive Income (A + B)		- 1.47	12.41
XII Total Comprehensive Income for the period (Comprising Profit / (Loss) and OCI for the Period) (X+XI)		190.58	135.70
XIII Earnings per Equity Share (face value of ₹ 10 each)	41		
(1) Basic		152.26	97.74
(2) Diluted		152.26	97.74

See accompanying notes to the Consolidated Financial Statements.

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Managing Director

Chennai
May 25, 2019

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2019

₹ crores

A) EQUITY SHARE CAPITAL

Particulars	As at 31-03-2019	As at 31-03-2018
Balance at the beginning of the reporting year	12.61	12.61
Changes in Equity Share capital during the year	—	—
Balance at the end of the reporting year	12.61	12.61

B) OTHER EQUITY

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at April 01, 2017 (A)	37.16	3.60	400.04	107.20	44.34	—	592.34
Additions during the year							
Profit for the year	—	—	—	123.29	—	—	123.29
Items of OCI for the year (net of taxes)							
Remeasurement of Defined Benefit Plans	—	—	—	- 2.78	—	—	- 2.78
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	14.64	—	14.64
Share of Profits from Associate	—	—	—	0.55	—	—	0.55
Total Comprehensive Income for the Year 2017-18 (B)	—	—	—	121.06	14.64	—	135.70
Reductions during the year							
Dividend	—	—	—	12.61	—	—	12.61
Income Tax on dividend	—	—	—	2.57	—	—	2.57
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (C)	—	—	- 100.00	115.18	—	—	15.18
Balance as at March 31, 2018 (D) = (A+B-C)	37.16	3.60	500.04	113.08	58.98	—	712.86

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2019 (Contd.)

₹ crores

B) OTHER EQUITY (Contd.)

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at March 31, 2018 (D) = (A+B-C)	37.16	3.60	500.04	113.08	58.98	—	712.86
Additions during the year:							
Profit for the year	—	—	—	192.06	—	—	192.06
Items of OCI for the year (net of taxes)							
Remeasurement benefit of Defined Benefit Plans	—	—	—	- 0.02	—	—	- 0.02
Net Fair Value Gain on Investment in equity Instruments through OCI	—	—	—	—	- 2.68	—	- 2.68
Share of Profits from Associate	—	—	—	- 0.48	—	—	- 0.48
Items that will be reclassified to Statement of Profit and loss	—	—	—	—	—	1.71	1.71
Total Comprehensive Income for the Year 2018-19 (E)	—	—	—	191.56	- 2.68	1.71	190.59
Reductions during the Year							
Dividend	—	—	—	18.92	—	—	18.92
Income Tax on dividend	—	—	—	3.94	—	—	3.94
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (F)	—	—	- 100.00	122.86	—	—	22.86
Balance as at March 31, 2019 (G) = (D+E-F)	37.16	3.60	600.04	181.78	56.30	1.71	880.59

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Managing Director

Chennai
May 25, 2019

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019

	Year ended 31-03-2019 ₹ crores	Year ended 31-03-2018 ₹ crores
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	271.10	174.74
Adjustments for:		
Add:		
Assets discarded	0.13	0.11
Depreciation	33.82	31.99
Allowance for Doubtful debts	-	1.01
Interest on Interest Free Sales Tax Defferal Loan	1.34	1.57
Interest and financing charges	12.47	12.73
	<u>47.76</u>	<u>47.41</u>
	318.86	222.15
Less:		
Interest income from Term Deposits	12.63	1.42
Income from Investments	0.58	0.57
Remeasurement of Defined benefit plan	0.04	4.25
Deferred income arising from government grant	1.10	1.10
Profit / Loss on sale of assets	-	0.58
	<u>14.35</u>	<u>7.92</u>
Operating profit before working capital changes	304.51	214.23
Increase / Decrease in working capital:		
Increase / Decrease in Inventories	23.21	- 28.81
Increase / Decrease in Sundry Debtors	27.19	- 1.15
Increase / Decrease in Other Current Assets	- 44.04	25.71
Increase / Decrease in Liabilities and Provisions	19.02	49.64
	<u>25.38</u>	<u>45.39</u>
Income tax paid	- 57.13	- 34.48
Net cash from operating activities	<u>272.76</u>	<u>225.14</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	- 29.73	- 54.44
Value of discarded assets	- 0.13	- 0.11
Sale of Property, Plant and Equipment	0.20	1.57
Income from Investments	0.82	1.16
Sale of Investments	0.71	-
Interest income from Term Deposits	12.63	1.42
Income from Inter Corporate Deposit	0.05	0.05
Inter Corporate Deposit	- 0.60	-
Net cash used in investing activities	<u>- 16.05</u>	<u>- 50.35</u>

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019 (Contd.)

	Year ended 31-03-2019 ₹ crores	Year ended 31-03-2018 ₹ crores
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / decrease in Unsecured Loans	- 3.88	- 3.61
Increase / Decrease of non-current borrowings	- 49.94	- 19.28
Dividend and Dividend tax paid	- 22.81	- 15.18
Interest and financing charges paid	- 12.39	- 13.02
Net cash from financing activities	- 89.02	- 51.09
Net increase in cash and cash equivalents (I)	167.69	123.70
Cash and cash equivalents as at the beginning of the Year (II)	143.81	20.11
Cash and cash equivalents as at the end of the Year (I + II)	311.50	143.81

Notes:

1. Cash and cash equivalents represent cash in hand and cash with Scheduled Banks including Term Deposit.
2. Cash from operating activities has been prepared following the indirect method.
3. Figures for the previous year have been re-grouped wherever necessary.

Vide our report of date attached

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Managing Director

Chennai
May 25, 2019

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company Background

Seshasayee Paper and Boards Limited is a Company incorporated in India under The Companies Act, 1956 and is domiciled in India. Its Registered Office is located at Pallipalayam, Cauvery R.S. (PO), Erode – 638 007, Namakkal District (Tamil Nadu). The Company's shares are listed in National Stock Exchange of India Ltd and BSE Ltd.

The Company is engaged in the business of manufacture and sale of printing and writing paper and has its plant in two locations, one unit at Erode and another unit at Tirunelveli with an aggregate capacity to produce 210000 tonnes of paper, per annum.

A. Significant Accounting Policies and Key Accounting Estimates and Judgements

1. Significant Accounting Policies

1.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Effective April 1, 2017, the Company has adopted all the applicable Ind AS Standards and the adoption was carried out in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India (IGAAP), as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting Policies have been consistently applied except where a newly-issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto adopted.

1.2 Basis of preparation and compliance

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair values at the end of each reporting period, as explained in the Accounting Policies set out below. The financial statements are prepared on a 'going concern' basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that the market participants would take into account when pricing the asset or liability at the measurement date, assuming the market participants act in their economic best interest. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS-2 – Inventories or Value in Use in Ind AS 36 – Impairment of Assets.

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

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

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

Level 3 - Unobservable inputs for the asset or liability.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as '—' in these financial statements.

Principles Used in Preparing Consolidated Financial Statements

The consolidated financial statements relate to Seshasayee Paper and Boards Limited with its wholly owned Subsidiary Esvi International (Engineers & Exporters) Limited and Associate Ponni Sugars (Erode) Limited. The financial statements have been prepared on the following basis.

- (i) The financial statements of 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) Intercompany transaction, balances and unrealized gains on transactions between group companies are eliminated.
- (iv) Investment in Associate has been accounted under the equity method as per Ind AS 28 – Investment in Associate and Joint Venture.
- (v) The Company accounts for its share of post acquisition changes in net assets of associates after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its consolidated Statement of Profit and Loss.
- (vi) The difference between the cost of investments 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.
- (vii) Consolidated Financial Statement are prepared using uniform accounting policies for the like transactions and other events in similar circumstances.

1.3 Current / Non-Current classification

An asset or liability is classified as Current if it satisfies any of the following conditions:

- (i) the asset / liability is expected to be realised / settled in the Company's normal operating cycle;
- (ii) the asset is intended for sale or consumption;
- (iii) the asset / liability is held primarily for the purpose of trading;

- (iv) the asset / liability is expected to be realised / settled within twelve months after the reporting period;
- (v) the asset is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- (vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as Non-Current.

For the purpose of Current / Non-Current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

Deferred Tax Assets and Liabilities are classified as Non-Current.

Advances given towards acquisition of fixed assets, outstanding at each Balance Sheet date, are disclosed as Other Non-Current Assets.

1.4 Recent Accounting Pronouncements

Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss.

The Standard is applicable for the accounting periods commencing on or after 01-04-2019. Accordingly, this Standard is not applicable for preparation of the financial statements for the year ended 31-03-2019. However, application of this Standard from 01-04-2019 does not have any impact for the Company.

Ind AS 12 – Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the Appendix, Companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the Companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Standard permits two possible methods of transition –

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

However, application of this Standard from 01-04-2019 does not have any significant impact for the Company.

1.5 Property, Plant and Equipment (PPE)

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 one period.

The cost of an item of Property, Plant and Equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

An item of PPE that qualifies for recognition as an Asset is measured on initial recognition at cost. Following initial recognition, PPEs are carried at their cost less accumulated depreciation and accumulated impairment losses.

- (i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPEs recognised as of April 1, 2016 (transition date), measured as per the previous IGAAP, as their deemed cost as on the transition date.
- (ii) The cost of an item of PPE comprises purchase price, taxes and duties, net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to Plans, Designs and Drawings of Buildings or Plant and Machinery is capitalised under relevant heads of PPE if the recognition criteria are met.

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

- (iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.
- (iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalised at cost. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. All upgradation /

enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

(v) **Capital Advances and Capital Work-in-Progress**

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use which is generally on commissioning.

(vi) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, as specified under Schedule II, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate.

(vii) Estimated useful lives of the assets are as follows:

Asset	Years
Factory Buildings	30
Buildings (other than factory buildings)	60
Plant and Equipment (including continuous process plants) Generation, Transmission and Distribution of Power	40
Water Distribution Plant	30
Electric Distribution Plant	35
Other than above	25
Furniture and Fixtures	10
Vehicles	
Motor Cycles, Scooter and Mopeds	10
Other Vehicles	8
Office Equipment	5
IT Hardware – Server	6
– Other than Server	3

Assets costing ₹ 5,000/- and below are depreciated in full within the Financial Year.

1.6 Intangible Assets

a. Intangible Assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

b. Useful lives of Intangible Assets

Intangible Assets are amortised equally over the estimated useful life not exceeding ten years.

1.7 De-recognition of Tangible and Intangible Assets

An item of Tangible and Intangible Asset is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Tangible and Intangible Assets is determined as the difference between the sales proceeds, if any, and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

1.8 Impairment of Tangible and Intangible Assets

The Company annually reviews the carrying amounts of its Tangible and Intangible Assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

1.9 Revenue Recognition

Effective from April 01, 2018 the Company has adopted Ind AS 115 “Revenue from Contracts with Customers”. Application of this standard from 01 04 2018 does not have any impact on the revenue recognition and measurement.

a. Sale of products

Revenue is recognised at a point in time upon transfer of control of the products to customers i.e when the products are delivered to the common carrier, in an amount that reflects the consideration that the company expects to receive in exchange for those products.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the actual underlying performance obligation that corresponds to the progress by the customer / indenter towards earning the discount / incentive.

b. Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

c. Renewable Energy Certificates

Income from Renewable Energy Certificates entitlement is recognised on sale.

1.10 Inventories

Inventories are valued at lower of cost and net realisable value. Materials and other items intended for use in the production of inventories are not written-down below cost, if the finished goods in which they will be incorporated or expected to be sold at or above cost. Cost includes taxes and duties (other than taxes and duties for which input credit is available), freight and other direct expenses. Stocks of Raw Materials, Stores & Spares and Chemicals are valued at cost on weighted average basis. Finished Goods / Stock-in-Process are valued at cost and cost includes material, direct labour, overheads (other than selling and administrative overheads) incurred in bringing the inventory to their present location and condition. Net realisable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

1.12 Government grants

Government Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government Grants are recognised in the Statement of Profit and Loss on a systematic basis over the period in which the Company recognises as expense the related costs which the grants are intended to compensate. Specifically, Government Grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance Sheet and transferred to the Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

Government Grants that are receivable as compensation for expenses or losses incurred or for the purpose of giving immediate financial support to the Company with no future related costs like Export benefits, are recognised in the Statement of Profit and Loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Income from such benefit is recognised on a straight-line basis over the period of the loan during which the Company recognises interest expense under EIR method on such loans.

1.13 Employee Benefits

a. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short Term Employee Benefits and they are recognised in the period in which the employee renders the related service. The Company recognises the undiscounted amount of Short Term Employee Benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

b. Post Employment Benefits

(i) Defined Contribution Plans

Payments to Defined Contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions to Provident Fund and Superannuation Fund are treated as Defined Contribution Plans, since funded with Provident Fund Commissioner (as per the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952) and Life Insurance Corporation of India, respectively.

(ii) Defined Benefit Plans

For Defined Benefit Retirement Plans, the cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each annual reporting date. The Defined Benefit Obligations recognised in the Balance Sheet represent the present value of the Defined Benefit Obligations as reduced by the fair value of plan assets, if applicable. Any Defined Benefit Asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions to the plan. Gratuity and Retirement Benefit Schemes operated by the Company are treated as Defined Benefit Plans.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognised in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefits liability / (asset), are recognised in Other Comprehensive Income and taken to 'retained earnings'. (Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods).

The Company presents the above liability / (asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent Actuary. However, the liability towards gratuity, if any, is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

c. Other Long-term Employee Benefits

Entitlement to annual leave and sick leave are recognised when they accrue to employees. Annual leave/ sick leave can be availed or encashed either during service or on retirement subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each annual reporting date.

1.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Statement of Profit and Loss (FVTPL) are recognised immediately in Statement Profit and Loss.

1.16 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a. Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost. The debt instruments carried at amortised cost include Deposits, Loans and Advances recoverable in cash.

- ◇ the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ◇ the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

b. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of Profit and Loss.

c. Investments in Equity Instruments at FVTOCI

(i) Investments in Equity Instruments in Subsidiary and Associates :

The Company has elected to carry investment in Equity Instruments in Subsidiary and Associates at cost in accordance with Paragraphs 10 of 'Ind AS 27 – Separate Financial Statements'.

(ii) Investments in Other Equity Instruments:

The Company has irrevocably designated to carry investment in Other Equity Instruments at Fair Value through Other Comprehensive Income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in Fair Value in Other Comprehensive Income pertaining to Investments in Equity Instruments. This election is not permitted if the equity investment is held for trading. These elected investments were initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income and accumulated in the 'Reserve for Equity Instruments through Other Comprehensive Income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within Equity.

The Company has Equity Investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see Note 3). Fair value is determined in the manner described in Note 1.2.

d. Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses “Expected Credit Loss” (ECL) model, for evaluating impairment of financial assets other than those measured at Fair Value through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- ◇ The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ◇ Full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

For trade receivables or any contractual rights to receive cash or other financial assets that results from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to life time expected credit losses.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk, full lifetime ECL is used.

e. Derecognition of Financial Assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de recognition under Ind AS 109

Concomitantly, if the asset is one that is measured at:

- a) Amortised cost, the gain or loss is recognised in the Statement of Profit and Loss.
- b) Fair value through Other Comprehensive Income, the cumulative fair value adjustments previously taken to Reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to Reserves is reclassified within equity.

1.17 Financial Liabilities and Equity Instruments

a. Classification as Debt or Equity

Debt and Equity instruments issued by the Company are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

c. Financial Liabilities

All financial liabilities are initially recognised at the value of respective contractual obligations. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying

amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance Costs' line item.

d. Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

1.18 Derivative Financial Instruments and Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, by means of foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates hedging instruments in respect of foreign currency risk as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, as exchange fluctuation gain / loss.

The cumulative gain or loss previously recognised in Other Comprehensive Income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in Other Comprehensive Income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in Other Comprehensive Income is transferred to the Statement of Profit and Loss in the same period when the hedged item affects Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised

when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the Other Comprehensive Income is transferred to the Statement of Profit and Loss.

Fair Value Hedges

The Company designates derivative contracts as hedging instruments to mitigate the risk of change in fair value of hedged item in foreign exchange rates.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to Statement of Profit and Loss from that date.

1.19 Foreign Currency Transactions

a. Initial Recognition

On initial recognition, transactions in foreign currencies are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

b. Measurement of Foreign Currency items at reporting date

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

c. Recognition of Exchange Difference

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in Statement of Profit and Loss in the period in which they arise.

1.20 Cash Flow Statement

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

1.21 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

a. Current Tax

Current Tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years (temporary differences) and items that are never taxable or deductible (permanent differences) under the Income Tax Act, 1961.

Current Tax is measured using tax rates and tax laws enacted during the reporting period together with any adjustment to tax payable in respect of previous years.

b. Deferred Tax

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax, 1961.

Deferred Tax liabilities are recognised for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognised.

Deferred Tax assets are recognised for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets or liabilities are not recognised.

The carrying amount of Deferred Tax Assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part of all of such deferred tax assets to be utilised.

Deferred Tax Assets and Liabilities are measured at the tax rates that have been enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement are in the form of unused tax credits and are accordingly grouped under Deferred Tax Assets.

c. Current and Deferred Tax for the year

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

1.22 Events after reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size of nature are only disclosed.

1.23 Financial and Management Information System

The Company's Accounting System is designed to unify the Financial and Cost Records and also to comply with the relevant provisions of the Companies Act, 2013, to provide financial and cost information appropriate to the businesses and facilitate Internal Control.

1.24 Segment Reporting

The Company is engaged in the business of manufacture and sale of writing and printing paper and there are no other reportable segments of operation of the Company.

1.25 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

B. Key Accounting Estimates and Judgments

1.26. Use of Estimates

The preparation of financial statements in conformity with Ind AS requires Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

1.27. Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

a. Fair value measurement and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

b. Useful life of Property, Plant and Equipments

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

c. Cash Discounts

In accordance with Ind AS-115, the Company deducts cash discounts from the revenue for sale of products. Cash discounts on the sale of products in the last month of the year is estimated based on the past experience.

d. Actuarial valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the State of Profit and Loss and in Other Comprehensive Income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

e. Claims, Provisions and Contingent Liabilities

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on Management's assessment of specific circumstances of each dispute and relevant external advice, Management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

f. Tax Expense

Significant judgments and estimates are involved in estimating the budgeted profits for the purposes of advance tax, determining the provision for income tax, Minimum Alternate Tax and MAT Credit which may get revised pursuant to the determination by the Income Tax Authorities.

SESHASAYEE PAPER AND BOARDS LIMITED

₹ crores

2 PROPERTY, PLANT AND EQUIPMENT

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2018	Additions during the year	Deductions / Adjustments	As at 31-03-2019	As at 01-04-2018	Additions during the year	Deductions / Adjustments	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
LAND	4.17	—	—	4.17	—	—	—	—	4.17	4.17
BUILDINGS										
- FREE HOLD	96.83	5.18	—	102.01	7.97	4.00	—	11.97	90.04	88.86
- LEASEHOLD	0.14	—	—	0.14	0.01	—	—	0.01	0.13	0.13
PLANT AND EQUIPMENT	626.56	26.26	0.58	652.24	52.27	28.69	0.39	80.57	571.67	574.29
FURNITURE AND FIXTURES	1.77	0.11	—	1.88	0.18	0.09	—	0.27	1.61	1.59
VEHICLES	1.77	0.20	0.02	1.95	0.58	0.31	0.01	0.88	1.07	1.19
OFFICE EQUIPMENT	1.32	0.86	0.14	2.04	0.86	0.41	0.14	1.13	0.91	0.46
	732.56	32.61	0.74	764.43	61.87	33.50	0.54	94.83	669.60	670.69

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2017	Additions during the year	Deductions / Adjustments	As at 31-03-2018	As at 01-04-2017	Additions during the year	Deductions / Adjustments	As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
LAND	4.17	—	—	4.17	—	—	—	—	4.17	4.17
BUILDINGS										
- FREE HOLD	93.90	3.05	0.12	96.83	4.03	3.94	—	7.97	88.86	89.87
- LEASEHOLD	0.14	—	—	0.14	—	0.01	—	0.01	0.13	0.14
PLANT AND EQUIPMENT	564.08	63.42	0.94	626.56	25.50	26.84	0.07	52.27	574.29	538.58
FURNITURE AND FIXTURES	1.75	0.02	—	1.77	0.10	0.08	—	0.18	1.59	1.65
VEHICLES	1.61	0.16	—	1.77	0.28	0.30	—	0.58	1.19	1.33
OFFICE EQUIPMENT	1.11	0.21	—	1.32	0.44	0.42	—	0.86	0.46	0.67
	666.76	66.86	1.06	732.56	30.35	31.59	0.07	61.87	670.69	636.41

₹ crores

2 (A) CAPITAL WORK IN PROGRESS

Description	Gross Carrying Amount			Depreciation			Net Carrying Amount		
	As at 01-04-2018	Additions during the year	Deductions/ Adjustments	As at 31-03-2019	As at 01-04-2018	Additions during the year	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
CAPITAL WORK IN PROGRESS								23.36	26.82
								23.36	26.82

Description	Gross Carrying Amount			Depreciation			Net Carrying Amount		
	As at 01-04-2017	Additions during the year	Deductions / Adjustments	As at 31-03-2018	As at 01-04-2017	Additions during the year	As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
CAPITAL WORK IN PROGRESS								26.82	40.75
								26.82	40.75

2(B) OTHER INTANGIBLE ASSETS

Description	Gross carrying Amount			Amortisation			Net Carrying Amount		
	As at 01.04.2018	Additions during the year	Deductions/ Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
COMPUTER SOFTWARE	1.16	0.58	—	1.74	0.05	0.07	—	0.12	1.11
TECHNICAL KNOW-HOW	1.41	—	—	1.41	0.56	0.21	—	0.77	0.85
	2.57	0.58	—	3.15	0.61	0.28	—	0.89	1.96

Description	Gross carrying Amount			Amortisation			Net Carrying Amount		
	As at 01.04.2017	Additions during the year	Deductions/ Adjustments	As at 31.03.2018	As at 01.04.2017	Additions during the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
COMPUTER SOFTWARE	0.11	1.05	—	1.16	0.01	0.04	—	0.05	1.11
TECHNICAL KNOW-HOW	0.95	0.46	—	1.41	0.26	0.30	—	0.56	0.69
	1.06	1.51	—	2.57	0.27	0.34	—	0.61	0.79

- 2 (i) The Company has taken borrowings from banks which carry charge over all the assets of the Company (Refer Note No. 16 towards security.)
- 2 (ii) Refer Note No 37(b) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.
- 2 (iii) The amount of Borrowing Costs Capitalised during the year ended 31st March 2019 was ₹ 0.51 crores (Previous Year ₹ 4.98 crores).

The Company has applied Capitalisation rate of 10.05% (Previous year 10.11%) which is the Effective Interest Rate (EIR) of the Specific Borrowings.

SESHASAYEE PAPER AND BOARDS LIMITED

2(C) INVESTMENT PROPERTY

₹ crores

Description	Gross Carrying Amount			Depreciation				Net Carrying Amount		
	As at 01-04-2018	Additions during the year	Deductions / Adjustments	As at 31-03-2019	As at 01-04-2018	Additions during the year	Deductions / Adjustments	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
LAND	0.05	—	—	0.05	—	—	—	—	0.05	0.05
BUILDINGS	1.03	—	0.01	1.02	0.04	0.02	—	0.06	0.96	0.99
PLANT AND EQUIPMENT	0.13	—	—	0.13	0.03	0.01	—	0.04	0.09	0.10
FURNITURE AND FIXTURES	0.03	—	—	0.03	0.03	—	—	0.03	—	—
	1.24	—	0.01	1.23	0.10	0.03	—	0.13	1.10	1.14

Description	Gross Carrying Amount			Depreciation				Net Carrying Amount		
	As at 01-04-2017	Additions during the year	Deductions / Adjustments	As at 31-03-2018	As at 01-04-2017	Additions during the year	Deductions / Adjustments	As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
LAND	0.05	—	—	0.05	—	—	—	—	0.05	0.05
BUILDINGS	1.03	—	—	1.03	0.02	0.02	—	0.04	0.99	1.01
PLANT AND EQUIPMENT	0.13	—	—	0.13	0.02	0.01	—	0.03	0.10	0.11
FURNITURE AND FIXTURES	0.03	—	—	0.03	0.02	0.01	—	0.03	—	0.01
	1.24	—	—	1.24	0.06	0.04	—	0.10	1.14	1.18

Fair value as on 31-03-2019 is ₹ 36.47 crores

	No of shares	Face Value	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
3 INVESTMENTS				
Non Current Investments				
A. Investments in Equity Instruments				
a. Quoted Equity Shares				
(i) Associate				
(Measured using Equity Method)				
Ponni Sugars (Erode) Limited				
Carrying amount of Investment #	2365062	10	44.92	43.36
(ii) Others				
Investments Measured at Fair Value through Other Comprehensive Income				
Housing Development Finance Corporation Limited	265830	2	52.32	48.53
HDFC Bank Limited	2500	2	0.58	0.47
IDBI Bank Limited *			—	0.82
High Energy Batteries (India) Limited	282911	10	6.61	11.61
Tamilnadu Newsprint and Papers Limited	100000	10	2.06	3.48
Total Quoted Equity Shares			106.49	108.27
* 114080 shares of IDBI Bank Limited sold on open offer during the year for ₹ 0.70 crore (cumulative loss ₹ 0.21 crore)				
b. Unquoted Equity Shares				
(i) Others				
Investments Measured at Fair Value through Other Comprehensive Income				
SPB Projects and Consultancy Limited	52250	10	0.05	0.05
Time Square Investments Private Ltd	55000	10	0.06	0.06
Total Unquoted Equity Shares			0.11	0.11
Total Investments In equity Instruments			106.60	108.38
# Carrying amount of investment in Ponni Sugars (Erode) Limited includes the following				
Goodwill			4.49	4.49
Share of Total Comprehensive Income			1.84	1.47
Aggregate amount of :				
Quoted Investments - At Cost			24.61	25.53
Quoted Investments - At Market value			93.24	98.73
Unquoted Investments - At Cost			0.11	0.11

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
4 LOANS		
(Non-current Financial Assets)		
Unsecured considered good		
a) Security Deposit	11.11	6.17
b) Loan to Related Party		
Due from SPB Equity Shares Trust	12.50	12.50
c) Other Loans		
Intercorporate loans	6.01	5.32
	<u>29.62</u>	<u>23.99</u>
5 OTHER NON CURRENT ASSETS		
Capital Advances	4.80	1.35
Charges paid under Protest *	4.19	2.00
	<u>8.99</u>	<u>3.35</u>
* Includes		
- Energy Charges paid under protest to TNERC (Refer Note No. 37(a)(iv))	2.00	2.00
- Customs Duty paid under protest (Refer Note No. 37(a)(i))	0.28	—
- Grid Paralleling Charges paid under protest (not in the nature of contingent liability).	1.11	—
- Other duties and taxes paid under protest (not in the nature of contingent liability).	0.80	—
6 INVENTORIES		
Raw Materials *	51.99	65.43
Work- in- Progress	6.35	5.03
Finished Goods	—	—
Stock-in-Trade	2.20	4.03
Stores, Spares, Chemicals and others #	74.03	83.29
	<u>134.57</u>	<u>157.78</u>
* Includes Material In Transit	6.45	18.39
# Includes Material In Transit	32.81	43.43

(For method of valuation, please refer to Note No.1.10)

(Please refer Note No.38(C)(3) for security created on Inventories)

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
7 TRADE RECEIVABLES		
Trade Receivables		
a) Secured, Considered Good	28.07	30.10
b) Unsecured, Considered Good	50.06	76.76
c) Unsecured with significant increase in Credit Risk but Considered Good	1.54	—
d) Unsecured, Considered Doubtful	0.97	0.97
	<u>80.64</u>	<u>107.83</u>
Less:		
Allowance for bad and doubtful debts	0.97	0.97
	<u>79.67</u>	<u>106.86</u>
(Please refer Note No.38(C)(3) for security created on Receivables)		
8 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with banks	34.54	23.69
Term deposits with original maturity of less than 3 months	30.00	0.99
Cash on hand	0.20	0.25
	<u>64.74</u>	<u>24.93</u>
9 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Other Balances with Banks		
Term deposits with original maturity for more than 3 months but less than 12 months *	245.70	117.91
Unpaid dividend accounts	1.06	0.97
	<u>246.76</u>	<u>118.88</u>
* includes ₹ 0.01 crore (previous year ₹ 0.01 crore) given as Security Deposit with VAT Authorities.		
10 CURRENT ASSETS - LOANS		
Unsecured Considered good		
a) Other Loans		
Intercompany loans	0.62	—
	<u>0.62</u>	<u>—</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
11 OTHER CURRENT FINANCIAL ASSETS		
Insurance claim receivable	—	0.19
Others *	0.95	0.62
Security Deposits	0.07	0.07
	<u>1.02</u>	<u>0.88</u>
* includes fair value of derivatives (net)		
12 CURRENT TAX ASSET (NET)		
Income tax (Net of provisions)	—	0.65
	<u>—</u>	<u>0.65</u>
13 OTHER CURRENT ASSETS		
a) Advances/Claims Recoverable in cash or in kind	5.57	5.66
b) Balance with Government Authorities		
- GST Receivable	42.90	10.35
c) Prepaid expenses	2.56	2.44
d) Advance to Employees	0.32	0.33
e) Export Incentive Receivable	2.61	2.49
f) Other receivable	1.50	1.63
	<u>55.46</u>	<u>22.90</u>
14 EQUITY SHARE CAPITAL		
Authorised		
4 00 00 000 - Equity Shares of ₹ 10 each	40.00	40.00
3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each	30.00	30.00
	<u>70.00</u>	<u>70.00</u>
Issued, Subscribed and Fully paid up:		
1 26 13 628 - Equity Shares of ₹ 10 each	12.61	12.61
	<u>12.61</u>	<u>12.61</u>
a) Reconciliation of shares outstanding at the beginning and at the end of the year		
	As at 31-03-2019	As at 31-03-2018
	No of Shares	No of Shares
	₹ crores	₹ crores
At the beginning and end of the year	12613628	12613628
	12.61	12.61

b) Terms / rights attached to Equity Shares

The Equity Shares of the Company having par value of ₹ 10 per share rank pari passu in all respects, including voting rights, dividend entitlement and repayment of capital.

c) Details of shareholders holding more than 5% Equity Shares in the Company

Name of Share Holders	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	% of Share Holding	No. of Shares	% of Share Holding
(a) Tamilnadu Industrial Investment Corporation Limited	1800000	14.27	1800000	14.27
(b) Ponni Sugars (Erode) Ltd (Associate)	1768181	14.02	1768181	14.02
(c) Synergy Investments Pte Ltd	1547695	12.27	1547695	12.27
(d) Time Square Investments (P) Ltd	1257621	9.97	1257621	9.97
(e) Atyant Capital India Fund I	676628	5.36	676628	5.36

15 OTHER EQUITY

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at April 01, 2017 (A)	37.16	3.60	400.04	107.20	44.34	—	592.34
Additions during the year							
Profit for the year	—	—	—	123.29	—	—	123.29
Items of OCI for the year (net of taxes)							
Remeasurement of Defined Benefit Plans	—	—	—	- 2.78	—	—	- 2.78
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	14.64	—	14.64
Share of OCI from Associate	—	—	—	0.55	—	—	0.55
Total Comprehensive Income for the Year 2017-18 (B)	—	—	—	121.06	14.64	—	135.70
Reductions during the year							
Dividend	—	—	—	12.61	—	—	12.61
Income Tax on dividend	—	—	—	2.57	—	—	2.57
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (C)	—	—	- 100.00	115.18	—	—	15.18
Balance as at March 31, 2018 (D) = (A+B-C)	37.16	3.60	500.04	113.08	58.98	—	712.86

15 OTHER EQUITY (Contd.)

	₹ crores						
Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at March 31, 2018 (D) = (A+B-C)	37.16	3.60	500.04	113.08	58.98	—	712.86
Additions during the year:							
Profit for the year	—	—	—	192.06	—	—	192.06
Items of OCI for the year (net of taxes)							
Remeasurement benefit of Defined Benefit Plans	—	—	—	- 0.02	—	—	- 0.02
Net Fair Value Gain on Investment in equity Instruments through OCI	—	—	—	—	- 2.68	—	- 2.68
Share of OCI from Associate	—	—	—	- 0.48	—	—	- 0.48
Items that will be reclassified to Statement of Profit and loss	—	—	—	—	—	1.71	1.71
Total Comprehensive Income for the Year 2018-19 (E)	—	—	—	191.56	- 2.68	1.71	190.59
Reductions during the Year							
Dividend	—	—	—	18.92	—	—	18.92
Income Tax on dividend	—	—	—	3.94	—	—	3.94
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (F)	—	—	- 100.00	122.86	—	—	22.86
Balance as at March 31, 2019 (G) = (D+E-F)	37.16	3.60	600.04	181.78	56.30	1.71	880.59

Description of nature and Purpose of each reserve.

General Reserve

General Reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of Equity to another and is not an item of Other Comprehensive Income. It is a free reserve created to enhance the Net Worth of the Company.

Capital Reserve

Capital Reserve represents gain of a capital nature and is not available for dividend declaration.

Securities Premium Account

Securities Premium account records the premium component on issue of shares and can be utilised in accordance with the provisions of Companies Act, 2013.

Cash Flow Hedge Reserve

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in Other Comprehensive Income and are accumulated as 'cash flow hedge reserve'

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
16 BORROWINGS		
(Non-Current Financial Liabilities)		
Secured		
Unit: Erode - Term Loan		
From Banks	25.46	38.53
Unit: Tirunelveli -Term Loan		
From Banks	17.15	42.64
Unsecured		
From others - Interest Free Sales tax Loan	8.87	10.63
	51.48	91.80

- (i) Term Loans from Banks, including its current maturities (Refer Note No. 22) are secured by Mortgage of Immovable properties of respective units, consisting of land (excluding 57.93 acres together with structures thereon of Unit : Erode), buildings, fixed plant and machinery (excluding Captive Power Plant assets of Unit : Erode), fixtures and fittings.

(ii) Term Loans Outstanding, Rates of Interest & Terms of Repayment

Term Loan No.	Unit	Outstanding as at 31-03-2019 (₹ crores) *	Present Interest Rate (% p.a.)	No. of Installments pending	Repayment Tenure	Last Installment falling Due on
I	Erode	20.00	9.35	33	Monthly	December 2021
II	Erode	12.86	9.30	18	Quarterly	July 2023
III	Erode	9.59 ^	9.35	24	Quarterly	January 2025
IV	Tirunelveli	16.75	9.40	2	Quarterly	July 2019
V	Tirunelveli	26.00	9.40	12	Quarterly	March 2020

^ Term Loan Sanctioned ₹ 40.0 crores; Of which only ₹ 9.59 crores availed until 31-03-2019.

* The Outstanding includes current maturities of Long Term Debt. (Refer Note No. 22).

(iii) Interest free Sales Tax loan under Sales Tax Deferment Scheme of Government of Tamil Nadu

Interest free Sales Tax loan under Sales tax Deferment Scheme of Government of Tamil Nadu has a deferment period of 10 years from 01.06.2013. Out of total loan of ₹ 47.64 crores, the Company has already repaid ₹ 32.79 crores up to March 31, 2019. The Company has adopted previous GAAP for the carrying amount of the loan at the date of transition and has applied Ind AS 109 after the date of Transition.

Loan outstanding as at April 01, 2016 was valued at fair value and the difference between gross outstanding and fair value of loan was the benefit derived from interest free loan and is recognised as deferred income. Interest on the loan is recognised in the Statement of Profit and Loss applying effective interest rate of 10%. (Refer Note No. 1.12).

(iv) Default in Repayment of principal and Interest - NIL

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
17 OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security deposits	17.00	16.00
	<u>17.00</u>	<u>16.00</u>
18 OTHER LIABILITIES (Non-Current Liabilities)		
Deferred Income arising from Government grants (Refer Note No. 1.12)	3.29	4.39
	<u>3.29</u>	<u>4.39</u>
19 PROVISIONS (Non-Current Liabilities)		
a) Provision for Employee Benefits		
Provision for Leave Encashment and Retirement Fund	6.81	6.23
b) Others		
Provision for Generation tax	11.11	10.32
	<u>17.92</u>	<u>16.55</u>

SESHASAYEE PAPER AND BOARDS LIMITED

20 DEFERRED TAX LIABILITY (NET)

₹ crores

Particulars	As at 01-04-2018	Recognised in Statement of P&L during 2018-19	OCI during 2018-19	As at 31-03-2019
As at 31-03-2019				
Deferred Tax Liabilities				
Difference between WDV of Fixed Assets as per the books of accounts and IT Act 1961.	166.03	0.82	—	166.85
Deferred Tax Assets				
Expenses allowable for tax purpose on payment basis	- 9.32	1.09	—	- 8.23
Difference in carrying value and tax base of Interest Free Sale Tax Loan (IFSTD) measured at FVTPL	- 0.43	- 0.09	—	- 0.52
Remeasurement of Defined Benefit Plans	- 2.15	—	0.03	- 2.12
Income Tax relating to items that will be reclassified to Statement of Profit and Loss			0.92	0.92
Deferred Tax Liability	154.13	1.82	0.95	156.90
Tax Credit				
MAT Credit Entitlement *	56.65	- 21.35	—	35.30
	<u>97.48</u>			<u>121.60</u>

Particulars	As at 01-04-2017	Recognised in Statement of P&L during 2017-18	OCI during 2017-18	As at 31-03-2018
As at 31-03-2018				
Deferred Tax Liabilities				
Difference between WDV of Fixed Assets as per the books of accounts and IT Act 1961.	151.75	14.28	—	166.03
Deferred Tax Assets				
Expenses claimed for tax purpose on payment basis	- 8.20	- 1.12	—	- 9.32
Difference in carrying value and tax base of IFSTD loan measured at FVTPL	- 0.27	- 0.16		- 0.43
Remeasurement of Defined Benefit Plans	- 0.68	—	- 1.47	- 2.15
Deferred Tax Liability	142.60	13.00	- 1.47	154.13
Tax Credit				
MAT Credit Entitlement *	59.53	- 2.88	—	56.65
	<u>83.07</u>			<u>97.48</u>

* Includes adjustment for MAT Credit Entitlement for difference between estimates and actuals of the early year. (current year adjustment ₹ 0.06 crore Previous year 0.40 crore)

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
21 TRADE PAYABLES		
a) Total outstanding dues of Micro and Small and Medium Enterprises.	21.50	0.47
b) Total Outstanding dues of creditors other than Micro and Small and Medium Enterprises.	238.58	235.99
	260.08	236.46
21 (i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.		
21 (ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows		
	2018-19	2017-18
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.	21.50	0.47
ii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
v) Interest accrued and remaining unpaid at the end of each accounting year:	Nil	Nil
vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
22 OTHER FINANCIAL LIABILITIES		
(Current Financial Liabilities)		
Current maturities of Long Term Borrowings (Refer Note No. 16)	42.35	53.53
Current maturities of Interest Free Sales Tax Loan (Refer Note No.16 (iii))	3.10	3.88
Interest Accrued but not due	0.09	0.20
Unpaid Dividends	1.06	0.97
Others;		
- Payable for capital expenditure	1.75	2.45
- Security Deposit	1.76	2.28
- Retention Monies	4.39	3.34
- Employees dues	8.70	9.61
	63.20	76.26
23 OTHER CURRENT LIABILITIES		
Other liabilities:		
- Statutory Liabilities	2.46	8.81
Deferred Income arising from Government grants (Refer Note 1.12)	1.10	1.10
	3.56	9.91
24 CURRENT PROVISIONS		
Provision for Employee Benefits	3.69	5.95
	3.69	5.95
25 CURRENT TAX LIABILITIES (NET)		
Income Tax (Net of Advance Tax)	1.13	0.72
	1.13	0.72

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2019		Year ended 31-03-2018
	₹ crores	₹ crores	₹ crores
26 REVENUE FROM OPERATIONS			
A) REVENUE FROM SALE OF PRODUCTS			
Paper and Paper Boards			
India *	1035.18		901.49
Rest of the World	240.63		163.92
	<u>1275.81</u>		1065.41
Stock in Trade			
India	36.75		32.46
Services - Rent			
India	0.27		0.38
	<u>1312.83</u>		1098.25
* Includes Excise Duty for the period April to June 2017.			
Break-up of Revenue from Sale of Products - Contracted Price and adjustments			
Sales Value at Contracted price	1360.15		1142.81
Add : Export benefits	9.49		6.34
Less : Adjustments			
Cash Discount	25.16		18.77
Other Discounts / Incentives	31.65		32.13
	<u>56.81</u>		50.90
	<u>1312.83</u>		1098.25
B) OTHER OPERATING INCOME			
Sale of Renewable Energy Certificates	—		9.72
Others	12.68		10.20
	<u>12.68</u>		19.92
27 OTHER INCOME			
Interest Income			
- On financial assets carried at Amortised Cost	15.55		4.56
Dividend Income from Equity Investments measured at fair value through OCI	0.58		0.57
Government Grant (Refer Note No. 1.12)	1.10		1.10
Other non-operating income	4.50		2.63
Net Exchange Gain	1.15		—
	<u>22.88</u>		8.86

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2019		Year ended 31-03-2018	
	₹ crores	₹ crores	₹ crores	₹ crores
28 COST OF MATERIALS CONSUMED				
Raw material				
i) Wood	231.54		211.33	
ii) Bagasse	16.70		16.30	
iii) Purchased Pulp	102.56		87.58	
iv) Waste Paper	54.52		40.02	
	<u>405.32</u>		<u>355.23</u>	
Feeding and other Charges	7.66		6.08	
		412.98		361.31
Chemicals & Consumables		224.18		188.31
Packing Materials		22.67		11.78
		<u>659.83</u>		<u>561.40</u>
29 PURCHASE OF STOCK-IN-TRADE				
Notebook & Paper		7.44		6.12
Petroleum Products		25.98		23.08
		<u>33.42</u>		<u>29.20</u>
30 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN- TRADE AND WORK-IN-PROGRESS				
Opening stock				
- Finished goods	—		—	
- Work in progress	5.04		5.30	
- Stock-in-Trade	4.03		5.76	
		9.07		11.06
Closing stock				
- Finished goods	—		—	
- Work in progress	6.35		5.04	
- Stock-in-Trade	2.20		4.03	
		8.55		9.07
		<u>0.52</u>		<u>1.99</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2019		Year ended 31-03-2018	
	₹ crores	₹ crores	₹ crores	₹ crores
31 EMPLOYEE BENEFITS EXPENSE				
Salaries and wages		56.05		55.70
Contribution to Provident & other Funds (Refer Note No.1.13)		6.97		6.64
Staff welfare Expenses		6.26		6.02
		<u>69.28</u>		<u>68.36</u>
32 FINANCE COSTS				
Interest on financial liabilities carried at amortised cost - Effective interest method				
- Interest on borrowings		9.79		10.17
- Interest on interest free Sales tax loan (Refer Note No. 1.12)		1.34		1.57
Interest on Security Deposits measured at Amortised Cost		1.97		1.85
Other borrowing costs		0.71		0.71
		<u>13.81</u>		<u>14.30</u>
33 DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation of Property, Plant and Equipment (Refer Note No. 2)		33.54		31.64
Amortisation of Intangible assets (Refer Note No. 2(B))		0.28		0.35
		<u>33.82</u>		<u>31.99</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2019		Year ended 31-03-2018	
	₹ crores	₹ crores	₹ crores	₹ crores
34 OTHER EXPENSES				
Power and Fuel				
(i) Purchased Power	32.11		26.81	
(ii) Consumption of Fuel	123.53		113.15	
(iii) Generation Tax	2.19		2.19	
		157.83		142.15
Rent		0.51		1.06
Repairs and Maintenance				
- Buildings	6.91		5.56	
- Plant & Machinery	37.54		34.95	
- Others	2.22		1.55	
		46.67		42.06
Insurance		2.85		2.53
Rates and Taxes		2.68		1.11
Selling and Distribution Expenses		32.14		25.77
Net foreign exchange loss		—		0.21
Allowance for doubtful debts		—		1.01
Auditors' remuneration		0.52		0.42
(Refer Note No. 36 (a))				
Corporate Social Responsibility expenses		2.58		1.76
(Refer Note No. 36 (b))				
Miscellaneous		20.83		18.67
		266.61		236.75
			Year ended 31-03-2019	Year ended 31-03-2018
			₹ crores	₹ crores
35 TAX EXPENSE				
(A) The major components of Income Tax expense for the year are as under:				
Tax expenses recognised in the Statement of Profit and Loss				
Current Tax				
Current tax on the Taxable income for the year		58.26		36.09
		58.26		36.09
Deferred Tax comprises:				
Deferred Tax Liability on account of depreciation		0.82		14.28
Disallowance of expenses Under Section 43B and other				
Temporary difference		1.09		- 1.12
Deferred Tax Asset on account of Interest Free Sales Tax Loan		- 0.09		- 0.16
MAT Credit Entitlement		21.29		3.28
		23.11		16.28
Total Tax Expense		81.37		52.37

Year ended 31-03-2019	Year ended 31-03-2018
₹ crores	₹ crores

35 TAX EXPENSE (Contd.)

(B) Reconciliation of Tax expense and the accounting profit for the year is as under:

Enacted income tax rate in India applicable to the Company	34.94%	34.61%
Profit Before Tax	271.11	175.33
Current tax expenses on Profit Before Tax at the enacted income tax rate in India	94.74	60.68
Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income		
Tax on CSR activities	0.90	0.61
Tax On Dividend exempt	- 0.57	- 0.68
Tax On Deduction U/S 80 IA	- 15.52	- 14.81
Tax on difference in Depreciation	- 1.44	- 3.69
Differential Tax on Income taxed at Special Rate		
(i) REC Credit	—	- 2.23
(ii) Capital Gain (LTCG)	—	- 0.48
MAT Credit Entitlement	- 21.29	- 3.28
Other Differences	1.44	- 0.03
	- 36.48	- 24.59
Current Tax for the Year	58.26	36.09
Effective rate of tax	21.49%	20.58%

(C) Taxes on items of OCI:

A	Items that will not be reclassified to Statement of Profit and Loss		
(i)	Income Tax on Remeasurement of Defined Benefit Plans	- 0.02	- 1.47
(ii)	Income Tax on Net Fair Value Gain/ (Loss) on Investment in Equity Instruments	0.05	—
B	Items that will be reclassified to Statement of Profit and Loss	0.92	—
		0.95	- 1.47

	Year ended 31-03-2019	Year ended 31-03-2018
	₹ crores	₹ crores
36 (a) PAYMENT TO AUDITORS		
Statutory Audit fees	0.26	0.20
Taxation Matters	0.16	0.10
Certification work	0.08	0.09
Reimbursement of expenses	0.02	0.03
	0.52	0.42
36 (b) CORPORATE SOCIAL RESPONSIBILITY EXPENSES		
a) Gross amount required to be spent as per section 135 of the Companies Act, 2013 read with Schedule VII thereof	2.57	1.64
b) Amount spent during the year	2.58	1.77
i. Construction / Acquisition of any assets	1.02	0.32
ii. Purpose other than (i) above	1.56	1.45
37 CONTINGENT LIABILITIES AND COMMITMENTS		
a. Contingent Liabilities		
Claims against the company not acknowledged as debts:		
(i) Demands for various years relating to Central excise, Customs duty, Service tax and VAT contested in appeal	6.24	5.71
(ii) Differential duty on Coal imported and consequent penalty contested before CESTAT, Chennai	21.64	21.64
(iii) Demand by Public Works Department based on Sanctioned quantity of water as against actual water drawn contested in writ petition before Hon'ble High Court of Madras.	17.88	15.48
(iv) Demand towards energy charges as per TNERC order contested in writ petition before Hon'ble High Court of Madras.	4.63	4.63
(v) Other - Demand contested.	0.18	0.18
(vi) Guarantees	—	—
b. Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for:	13.84	4.37

SESHASAYEE PAPER AND BOARDS LIMITED

38 (A) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

		₹ crores			
	Refer Note	Non Current As at 31-03-2019	As at 31-03-2018	Current As at 31-03-2019	As at 31-03-2018
Financial Assets measured at Fair Value through Profit or Loss (FVTPL)					
		—	—	—	—
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in quoted equity shares*	3 (A) (a)	61.57	64.91	—	—
Investments in Unquoted equity shares	3 (A) (b)	0.11	0.11	—	—
Financial Assets measured at amortised cost					
Loans	4 / 10	29.62	23.99	0.62	—
Trade Receivables	7	—	—	79.67	106.86
Cash and Cash Equivalents	8	—	—	64.74	24.93
Bank balances other than Cash And Cash Equivalents	9	—	—	246.76	118.88
Other current Financial Asset	11	—	—	0.95	0.81
Financial Liabilities measured at Fair Value through Profit and Loss					
Financial Liabilities measured at amortised cost					
Term Loan from Banks	16 / 23	42.61	81.17	42.35	53.53
Interest free sales tax Loan	16 / 23	8.87	10.63	3.10	3.88
Other Financial Liabilities	17	17.00	16.00	—	—
Trade Payables	22	—	—	260.08	236.46
Other Financial Liabilities	23				
Interest accrued but not due on borrowings		—	—	0.09	0.20
Unpaid / Unclaimed Dividend		—	—	1.06	0.97
Payable towards capital expenditure		—	—	1.75	2.45
Security Deposit		—	—	1.76	2.28
Retention Monies		—	—	4.39	3.34
Employees Dues		—	—	8.70	9.61

* Investments in these equity shares are not held for trading. Upon the application of Ind AS 109-Financial instruments, the Company has chosen to measure these investments in equity instruments at FVTOCI irrevocably as the management believes that presenting fair value gains and losses relating to these Investments in the statement of Profit and Loss may not be indicative of the performance of the Company.

38 (B) FAIR VALUE MEASUREMENTS

	₹ crores			
	Fair value hierarchy			
As at 31st March 2019	Fair value	Quoted price in active Markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)
Financial Assets/Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	61.57	61.57		
Investments in Unquoted equity shares	0.11	—		0.11

As at 31st March 2018

Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	64.91	64.91		
Investments in Unquoted equity shares	0.11			0.11

1. The fair value of quoted investment in quoted equity shares measured at quoted price.
2. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
3. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

38 (C) FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

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

The Company has financial risk exposure in the form of market risk, credit risk and liquidity risk. The risk management policies of the Company are monitored by the Board of Directors. The present disclosure made by the Company summarizes the exposure to the financial risks.

1) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: currency risk, interest rate risk and other price risk. The financial instruments affected by market risk includes rupee term loan and loans & advances.

a) Interest Rate Risk exposure

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has availed significant rupee term loans at floating (reset every year) interest rates. The interest rate is at 0.65% to 1.0% (spread) plus MCLR rate of respective Bank and the interest rate is reset once in every year, as per the loan facility agreement. The Company has not entered into any of the interest rate swaps and hence, the Company is exposed to interest rate risk.

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

	31-03-2019	31-03-2018
	₹ crores	₹ crores
Variable rate borrowings	84.96	135.14
Fixed rate borrowings	—	—
	84.96	135.14

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

Rupee term loan

	31-03-2019	31-03-2018
	₹ crores	₹ crores
(i) Weighted average interest rate (%)	9.37	9.63
(ii) Balance (₹ crores)	84.96	135.14
(iii) % of Total Loan	100	100

Interest Rate Sensitivity analysis

The Company considering the economic environment in which it operates has determined the interest rate sensitivity analysis (interest exposure) at the end of the reporting period. The interest rate for the Company are floating rates and hence, the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point +/- fluctuation in the interest rate is used for disclosing the sensitivity analysis.

	Impact on Profit before tax	
	31-03-2019	31-03-2018
	₹ crore	₹ crore
Interest rates - increase by 50 basis points	- 0.42	- 0.68
Interest rates - decrease by 50 basis points	0.42	0.68

The interest rate sensitivity analysis is done holding on the assumption that all other variables remaining constant.

The increase/decrease in interest expense is chiefly attributable to the Company's exposure to interest rates on its variable rate of borrowings.

b) Foreign currency risk exposure

The Company imports pulp, waste paper and other stores & spares for which payables are denominated in foreign currency. The Company is exposed to foreign currency risk on these transactions. The Company follows a prudent and sound policy by entering into simple Forward Exchange Contracts to hedge the foreign currency risk whose maturity is coterminous with the maturity period of the foreign currency liabilities (underlying). The Company didn't have any 'open position' with regard to Foreign Exchange liability as on 31st March 2019.

Exports are generally made against Letters of Credit on sight / usance basis or against advance payments or with terms as payments against Bill of Lading. Few supplies are also made on DA with usance terms. Advance payments and export proceeds realisation of the bills are now converted to Indian Rupee as per the terms of the Forward Contract taken for the month. Realizations exceeding the Forward Contract commitments are either credited to the EEFC Account or converted into Rupee values immediately, depending upon the rate of exchange prevailing at the time of negotiation of bills.

Forward Contract Obligations pending as at the end of the reporting period:

	(Amount in US \$)	
	As at 31-03-2019	As at 31-03-2018
Payment Obligations, towards Imports, hedged with Forward Contracts under		
- Fair Value Approach	12 940 222	10 478 114
- Cash Flow Approach	2 200 000	—
Export Realizations hedged with Forward Contract under		
- Cash Flow Approach	7 600 000	—

c) Other price risk

Other price risk is the risk that the fair value of a financial instruments will fluctuate due to changes in market traded prices. The Company's investment in fixed deposit with banks is fixed and hence, there is no risk price movement arising to the Company. The Company's equity investment in its subsidiary and associate is for strategic purposes and not held for trading. They are carried at cost and are hence not subjected to price related risk. Other investments in equity instruments are held with a view to hold them for a long-term basis and not held for trading. The investments are in fundamentally strong companies and temporary fluctuations in price do not attribute any investment risk.

2) Credit Risk

The credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, bank balances, other balances with banks and other receivables.

The credit risk arising from the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counterparties are public sector banks.

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

For trade receivables, as a practical expedient, the Company computes the credit loss allowance if there is life-time expected credit losses.

3) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company manages the liquidity risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making available the funds from realizing timely maturities of financial assets to meet the obligations when due. The management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Also, the Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liabilities and monitoring balance sheet liquidity ratios. Further, the liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

Financial arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

	31-03-2019	31-03-2018
	₹ crores	₹ crores
Expiring within one year	235.41	239.00
Expiring beyond one year	—	—
	235.41	239.00

The Company makes an annual / long term financial plan so as to ensure there are no maturity mismatches in settlement of liabilities.

Undrawn Working Capital borrowing facilities (₹ 146 crores), sanctioned by Consortium of Bankers, 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 respective plants
- Second charge, by way of mortgage of immovable properties of respective plants, 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 Rs 85.00 crores, of Unit : Erode

Security creation for the Undrawn Working Capital facility of Rs 59 crores (additional sanction by the Lead Consortium Banker) is in process, as at 31-03-2019.

Period and amount of continuing default in respect of above said borrowing facilities: Nil

38 (D) CAPITAL MANAGEMENT

The Company adheres to a cautious capital management that seeks to trigger growth creation and maximization of shareholders' value. For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the shareholders of the Company. The Company has been funding its growth and acquisition plans and working capital requirements through a balanced approach of internal accruals and external debt from banks. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt component of the Company.

The following table summarises the capital of the Company:

Particulars	As at 31-03-2019 ₹ crores	As at 31-03-2018 ₹ crores
Equity	893.20	725.46
Debt	96.93	149.22
Cash and cash equivalents	310.43	142.83
Net Debt	- 213.50	6.39
Total Capital (Equity + Net Debt)	679.69	731.86
Net Debt to Capital Ratio	- 0.31	0.01

38 (E) DIVIDEND

Dividend on equity shares paid during the year	18.92	12.61
Dividend distribution tax	3.94	2.57
	22.86	15.18

Proposed Dividend

The Board of directors at its meeting held on 25th May 2019 have recommended a payment of dividend of ₹ 20 per equity share of face value of ₹ 10 each for the financial year ended 31st March 2019. The same amounts to ₹ 30.41 crores including Dividend distribution tax of ₹ 5.18 crores.

- 39** 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

40 Information on Related party Transactions as Required by Ind AS 24-Related Party Disclosure for the year ended 31st March 2019

A) Key Managerial Personnel:

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

DIRECTORS:

- Sri R V Gupta, I A S (Retd.)
- Mr Shambhu Kallollikar, I A S
- Dr Nanditha Krishna
- Sri S Narayan, I A S (Retd.)
- Dr(Tmt.) M Aarthi, I A S
- Sri A L Somayaji
- Sri V Sridar

B) Entities Controlled by Directors

- 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) Transaction details :

	Transaction amount		Amount outstanding on 31-03-2019
	₹ crores 2018-19	₹ crores 2017-18	
(a) Dhanashree Investments Private Limited			Liabilities :
- Rent and amenity charges	0.04	0.04	0.06 crore Equity
- Dividend paid	0.89	0.59	Shares (4.68%)
(b) Ultra Investments and Leasing Co. Private Limited			Liabilities :
- Dividend paid	0.28	0.19	0.02 crore Equity Shares (1.47%)
(c) Time Square Investments Private Limited			Liabilities :
- Dividend paid	1.89	1.26	0.13 crore Equity Shares (10.76%)

C) Transaction details :(Contd.)

	Transaction amount		Amount outstanding on 31-03-2019
	₹ crores 2018-19	₹ crores 2017-18	
(d) SPB Projects and Consultancy Limited			Assets :
			Investments in:
- Reimbursement of expenses	—	—	0.01 crore Equity
- Inter Corporate Loan	0.60	—	Shares (16.67%)
- Interest on Inter Corporate Loan	0.02	—	
- Dividend paid	—	—	Inter Corporate loan and interest receivable ₹ 0.62 crore
			Liabilities :
			0.00 crore Equity
			Shares (0.02%)
(e) Remuneration to Chairman, Managing Director and other Whole-time Directors :			
	Sri N Gopalaratnam ₹ crores	Sri K S Kasi Viswanathan ₹ crores	Sri V Pichai ₹ crores
Current Year 2018-19			
Short term employee benefits	1.60	1.63	1.63
Post Employee benefits (gratuity) & Long term benefits (Superannuation fund)	0.22	0.18	0.18
Contribution to Provident Fund	0.10	0.08	0.08
	1.92	1.89	1.89
Previous Year 2017-18			
Short term employee benefits	1.60	1.44	1.44
Post Employee benefits (gratuity) & Long term benefits (Superannuation fund)	0.22	0.18	0.18
Contribution to Provident Fund	0.10	0.08	0.08
	1.92	1.70	1.70

C) Transaction details :(Contd.)

(f) Sitting fees and Commission to Directors	2018-19	2017-18
	₹ crore	₹ crore
Sitting fees	0.17	0.14
Commission	0.35	0.48
	0.52	0.62

Previous year Commission includes the arrears of commission relating to FY 2016-17 paid during the previous year

41 EARNINGS PER SHARE

	Year ended 31-03-2019	Year ended 31-03-2018
Profit after Tax (₹ crores)	192.06	123.29
Weighted average no of Shares	12613628	12613628
Basic earnings per share (₹)	152.26	97.74
Diluted earnings per Share (₹)	152.26	97.74

42 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2019

Name of the entity	Net Assets, i.e., total assets minus total liabilities, as % of consolidated net assets		Share in profit or loss, as % of consolidated profit or loss		Share in Other Comprehensive Income, as % of consolidated profit or loss		Share in Total Comprehensive Income, as % of consolidated profit or loss	
	%	(₹ crores)	%	(₹ crores)	%	(₹ crores)	%	(₹ crores)
Wholly owned Subsidiary								
- Esvi International (Engineers & Exporters) Limited	0.27	2.40	- 0.01	- 0.03	- 0.06	—	- 0.01	- 0.03
Associate								
- Ponni Sugars (Erode) Limited	5.03	44.92	1.21	2.32	32.65	- 0.48	0.97	1.84

43 EMPLOYEE BENEFITS

(i) Defined Contribution Plans:

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 4.29 crores (Year ended March 31, 2018 ₹ 4.39 crores) for Provident Fund contributions and ₹ 0.32 crore (Year ended March 31, 2018 ₹ 0.32 crore) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.”

(ii) Defined Benefit Plans:

Gratuity (Funded) and Retirement Benefit Scheme (Unfunded) In respect of Gratuity, the most recent actuarial valuation of the plan assets and in respect of Gratuity and Retirement benefit Scheme the present value of the defined benefit obligation were carried out by actuarial valuation . The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan and the Retirement benefit Scheme of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit and through annual contributions to the funds managed by the Life Insurance Corporation of India. The Company is exposed to various risks in providing the above gratuity benefit and Leave encashment which are as follows:”

Interest Rate risk:

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Investment Risk :

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Salary Escalation Risk :

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future, based on past experience. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk :

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions

43 EMPLOYEE BENEFITS (Contd.)

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	₹ crores	₹ crores	₹ crores	₹ crores
(i) Changes in Defined Benefit Obligations				
Present Value of - opening balance	30.06	26.50	1.20	1.48
Current Service Cost	1.85	1.52	0.06	0.08
Interest Cost	2.14	1.95	0.08	0.09
Actuarial (Gain) / Loss	- 0.61	4.29	0.01	- 0.04
Benefits paid	- 2.48	- 4.20	- 0.18	- 0.41
Present value - closing balance	30.96	30.06	1.17	1.20
(ii) Changes in the Fair Value of Plan Assets				
Opening Balance	28.08	26.50	—	—
Expected Return	2.14	2.10	—	—
Actuarial (Gain) / loss	- 0.64	—	—	—
Contributions by employer	3.86	3.68	0.18	0.41
Benefits paid	- 2.48	- 4.20	- 0.18	- 0.41
Closing Balance	30.96	28.08	—	—
Actual return	1.50	2.11	—	—
(iii) Amounts recognised in the Balance Sheet (as at year end)				
Present Value of Obligations	30.96	30.06	1.17	1.20
Fair Value of Plan Assets	30.96	28.08	—	—
Net Asset / (Liability) recognised	—	- 1.98	- 1.17	- 1.20
(iv) Expenses recognised in the Profit and Loss account statement.				
Current Service Cost	1.85	1.52	0.06	0.08
Interest on obligation	—	- 0.15	0.08	0.09
Total included in "Employee benefit expense"	1.85	1.37	0.14	0.17

43 EMPLOYEE BENEFITS (Contd.)

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	₹ crores	₹ crores	₹ crores	₹ crores
(V) Expenses recognized in Other Comprehensive Income				
Remeasurement on the net defined benefit liability				
- Actuarial Gain and Losses arising from changes in financial Assumption	0.82	- 3.23	- 0.01	0.08
- Actuarial Gain and Losses arising from changes in experience adjustment	- 0.21	- 1.06	—	- 0.04
Return on plan assets	- 0.64	—	—	—
Net cost in Other Comprehensive Income	- 0.03	- 4.29	- 0.01	0.04
Asset information				
- Insurer managed	100%	100%	NA	NA
Principal actuarial assumptions				
Mortality	Indian assured Lives Mortality (2012-14)			
Discount rate(%)	7.37	7.44	7.44	6.80
Future Salary increase (%)	8.00	8.00	NA	NA
Expected Rate of return of plan assets (%)	7.37	7.44	NA	NA
Expected average remaining working lives of employees (years)	7.8	6.4	NA	NA
Expected contribution (₹ in crores)	4.00	3.86		

The Company pays contributions to the insurer as determined by them. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds and Money Market Instruments. The expected rate of return on plan assets based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligation are as discussed above.

43 EMPLOYEE BENEFITS (Contd.)

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:"

Particulars	Post employment benefit			
	Gratuity		Retirement benefit Scheme	
	- Funded plan		-Non Funded plan	
	₹ crores 31-03-2019	₹ crores 31-03-2018	₹ crores 31-03-2019	₹ crores 31-03-2018
Discount Rate				
- 0.5% Increase	30.12	29.39	1.11	1.14
- 0.5% decrease	31.84	30.75	1.23	1.25
Salary Growth Rate				
- 0.5% Increase	31.88	30.80		
- 0.5% decrease	30.08	29.35		
Attrition Rate				
- 0.5% Increase	30.93	30.04		
- 0.5% decrease	30.98	30.07		

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 4.00 crores (Previous year 2018 Actual ₹ 3.86 crores).

44 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at their meeting held on 25th May 2019.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N GOPALARATNAM
Chairman

MOHAN VERGHESE CHUNKATH
DR. NANDITHA KRISHNA
A.L. SOMAYAJI
V. SRIDAR
Directors.

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

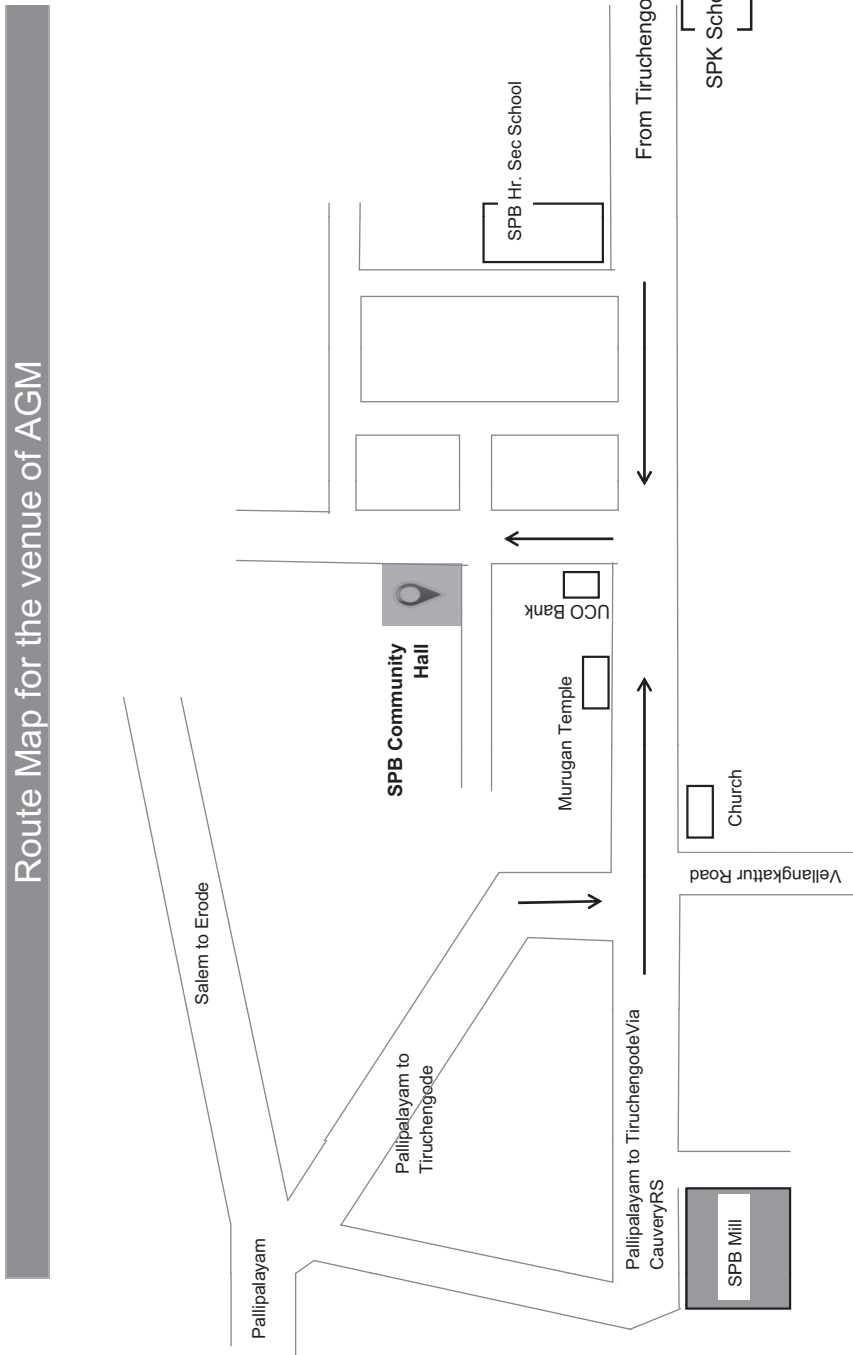
K S KASI VISWANATHAN
Managing Director

Chennai
May 25, 2019

Financial Highlights - Ten years at a glance

For the year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Revenue	537.70	597.21	643.75	882.23	1069.50	1074.05	1087.40	1174.81	1127.19	1348.30
Total Expenditure	415.98	480.79	540.21	772.16	940.58	978.92	976.07	953.01	910.60	1029.40
PBIDT	121.72	116.42	103.54	110.07	128.92	95.13	111.33	221.80	216.59	318.90
Finance Costs	28.40	21.65	24.32	44.46	38.71	37.21	32.29	23.20	14.30	13.81
Depreciation & Exceptional Item	33.61	34.00	34.26	49.14	48.97	32.51	28.76	30.62	27.10	33.78
PBT	59.71	60.77	44.96	16.47	41.24	25.41	50.28	167.98	175.19	271.31
Tax expense	19.78	-4.23	10.86	-4.04	14.45	8.06	14.70	39.94	52.30	81.31
PAT	39.93	65.00	34.10	20.51	26.79	17.35	35.58	128.04	122.89	190.00
EPS - ₹	35.49	57.78	30.31	16.26	21.24	13.75	28.20	101.51	97.43	150.63
Cash EPS - ₹	82.95	84.24	60.04	52.02	71.52	45.92	62.66	128.99	131.82	195.73
Dividend - %	60	50	50	40	40	40	50	100	150	200
As at the year end										
Gross Block	754.11	764.98	770.98	1078.17	1070.74	1088.86	1088.58	667.82	735.13	767.58
Net Block	505.78	483.45	455.74	714.83	675.24	661.79	675.47	637.20	672.65	671.86
Loan Funds	325.40	397.55	219.70	434.77	390.10	328.86	344.54	176.51	153.80	100.05
Net Worth	224.59	283.05	310.61	363.24	384.13	392.99	420.98	581.99	701.56	867.76
Book Value per Share - ₹	200	252	276	288	305	312	334	461	556	688

Figures from 2016-17 are as per IND AS Accounting Standard.





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, 2019

(₹ lakhs)

Sl No.	Particulars	Standalone					Consolidated	
		3 months ended			Year ended		Year ended	
		31 03 2019	31 12 2018	31 03 2018	31 03 2019	31 03 2018	31 03 2019	31 03 2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Revenue from Operations							
	a) Revenue from Operation	36469	35450	34790	132524	111779	132551	111817
	b) Other Income	1137	420	467	2306	940	2288	886
	Total Income	37606	35870	35257	134830	112719	134839	112703
2	Expenses							
	a) Cost of Materials consumed	16919	17401	15538	65983	56140	65983	56140
	b) Purchase of Stock-in-Trade	729	641	858	3342	2920	3342	2920
	c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2044	681	3186	52	199	52	199
	d) Excise Duty	--	--	--	--	1314	--	1314
	e) Employee benefits expense	1312	1855	1343	6928	6836	6928	6836
	f) Finance Costs	305	341	434	1381	1430	1381	1430
	g) Depreciation and amortization expense	687	900	702	3378	3194	3382	3199
	h) Cost of Power and Fuel	3781	3905	3824	15783	14215	15783	14215
	i) Other expenses	3357	2649	2895	10852	9436	10878	9460
	Total expenses	29134	28373	28780	107699	95684	107729	95713
3	Profit (Loss) from Ordinary Activities after Finance costs but before Exceptional items	8472	7497	6477	27131	17035	27110	16990
4	Share of Profit / (Loss) of Associate	--	--	--	--	--	232	92
5	Exceptional Items	--	--	--	--	484	--	484
6	Profit / (Loss) from Ordinary Activity Before Tax (3+4+5)	8472	7497	6477	27131	17519	27342	17566
7	Tax expenses							
	Current Tax	1841	1603	1310	5820	3602	5826	3609
	Deferred Tax	405	842	771	2311	1628	2311	1628
	Total Tax Expenses	2246	2445	2081	8131	5230	8137	5237

(₹ lakhs)

Sl No.	Particulars	Standalone					Consolidated	
		3 months ended			Year ended		Year ended	
		31 03 2019	31 12 2018	31 03 2018	31 03 2019	31 03 2018	31 03 2019	31 03 2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
8	Net Profit / (Loss) from Ordinary Activities After Tax (6-7)	6226	5052	4396	19000	12289	19205	12329
9	Other Comprehensive Income (OCI)							
	A (i) Items that will not be reclassified to Statement of Profit and Loss							
	(a) Remeasurement benefit of the Defined Benefit Plans	(-) 4	--	(-) 425	(-) 4	(-) 425	(-) 4	(-) 425
	(b) Net fair value Gain on Investment in Equity Instruments through OCI	(-) 219	372	297	(-) 263	1464	(-) 263	1464
	(c) Share of OCI of Associate	--	--	--	--	--	(-) 48	55
	ii) Income Tax relating to items that will not be reclassified to Statement of Profit and Loss	(-) 3	--	147	(-) 3	147	(-) 3	147
	B (i) Items that will be reclassified to Statement of Profit and Loss	38	225	--	263	--	263	--
	(ii) Income Tax relating to items that will be reclassified to Statement of Profit and Loss	(-) 29	(-) 63	--	(-) 92	--	(-) 92	--
10	Total Other Comprehensive Income	(-) 217	534	19	(-) 99	1186	(-) 147	1241
11	Total Comprehensive Income for the period (8+9) (Comprising Profit and other Comprehensive income for the period)	6009	5586	4415	18901	13475	19058	13570
12	Paid-up Equity Share Capital (Face value ₹ 10)	1261	1261	1261	1261	1261	1261	1261
13	Reserves, excluding Revaluation Reserves, as per the Audited Balance Sheet				85515	68895	88059	71286
14	Earnings Per Share of ₹ 10 each (not annualised)							
	(a) Basic	49.36	40.05	34.85	150.63	97.43	152.26	97.74
	(b) Diluted	49.36	40.05	34.85	150.63	97.43	152.26	97.74

STATEMENT OF ASSETS AND LIABILITIES:

(₹ lakhs)

SI No.	Particulars	Standalone				Consolidated			
		As at 31 03 2019		As at 31 03 2018		As at 31 03 2019		As at 31 03 2018	
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
A	ASSETS								
1	Non-Current Assets								
	(a) Property, Plant and Equipment	66960		67069		66960		67069	
	(b) Capital Work in Progress	2336		2682		2336		2682	
	(c) Other Intangible Assets	226		196		226		196	
	(d) Investment Property	--		--		110		114	
	(e) Financial Assets								
	(i) Investments	9525		9859		10660		10838	
	(ii) Loans	2962		2399		2962		2399	
	(f) Goodwill on Consolidation	--		--		1178		1178	
	(g) Other Non-Current Assets	899		335		899		335	
	Sub-total - Non Current Assets		82908		82540		85331		84811
2	Current Assets								
	(a) Inventories	13457		15778		13457		15778	
	(b) Financial Assets								
	(i) Trade Receivables	7925		10645		7967		10686	
	(ii) Cash and cash equivalents	6463		2483		6474		2493	
	(iii) Bank balances other than (ii) above	24594		11805		24676		11888	
	(iv) Loans	62		--		62		--	
	(v) Others	95		81		102		88	
	(c) Current Tax Assets (Net)	--		63		--		65	
	(d) Other Current Assets	5546		2290		5546		2290	
	Sub-total - Current Assets		58142		43145		58284		43288
	TOTAL - ASSETS		141050		125685		143615		128099

(₹ lakhs)

SI No.	Particulars	Standalone				Consolidated			
		As at 31 03 2019		As at 31 03 2018		As at 31 03 2019		As at 31 03 2018	
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
B	EQUITY AND LIABILITIES								
1	EQUITY								
	(a) Equity Share Capital	1261		1261		1261		1261	
	(b) Other Equity	85515		68895		88059		71286	
	Sub-total - Equity		86776		70156		89320		72547
2	Non-Current Liabilities								
	(a) Financial Liabilities								
	(i) Borrowings	5148		9180		5148		9180	
	(ii) Other financial liabilities	1700		1600		1700		1600	
	(b) Other liabilities	329		439		329		439	
	(c) Provisions	1792		1655		1792		1655	
	(d) Deferred Tax Liabilities (Net)	12160		9748		12160		9748	
	Sub-total - Non Current Liabilities		21129		22622		21129		22622
3	Current Liabilities								
	(a) Financial Liabilities								
	(i) Trade Payables	26006		23644		26008		23646	
	(ii) Other financial liabilities	6299		7605		6320		7626	
	(b) Other current liabilities	356		991		356		991	
	(c) Provisions	369		595		369		595	
	(d) Current Tax Liabilities	115		72		113		72	
	Sub-total - Current Liabilities		33145		32907		33166		32930
	TOTAL - EQUITY AND LIABILITIES		141050		125685		143615		128099

Notes:

- Paper is the only reportable segment of operation of the Company.
- Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, Revenue from Operations are disclosed exclusive of GST. Consequently, Revenue from Operations for the year ended March 31, 2019 is not comparable with the corresponding period in the previous year. Total Income from Operations for the period 2017-18 includes Excise Duty for the period April to June 2017.

3. 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.
4. 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 24, 2019 and May 25, 2019.
5. The Board of Directors has recommended payment of Dividend at ₹ 20 per Equity Share of ₹ 10 each for the year 2018-19.
6. The Board of Directors has approved sub-division of the Equity Shares of face value of ₹ 10 each into face value of ₹ 2 each.

(By Order of the Board)

FOR SESHASAYEE PAPER AND BOARDS LIMITED

Place : Chennai
Date : May 25, 2019

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) IFSC Code :

e) Account Type (Saving / Current) :

f) Account Number as appearing on the
cheque book :

g) 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 verifying 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 :

PAN No. :

Please enclose self attested copy of PAN CARD for all Shareholders.

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) IFSC Code :

e) Account Type (Saving / Current) :

f) Account Number as appearing on the
cheque book :

g) 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 verifying 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 59th Annual General Meeting of the Company, to be held on Saturday, 27th July 2019, 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
1	Adoption of Audited Financial Statements (including the Consolidated Financial Statements) for the year ended 31 st March 2019 and Report of Directors and Auditors thereon.	Ordinary Resolution		
2	Declaration of Dividend for the year 2018-19.	Ordinary Resolution		
3	Re-appointment of Sri N Gopalaratnam, Chairman	Ordinary Resolution		

Resolution No.	Description of Resolution	Type of Resolution	Optional	
			For	Against
	Special Business :			
4	Payment of remuneration to Cost Auditor M/s S Mahadevan & Co., Cost Accountants.	Ordinary Resolution		
5	Sub-division of existing Equity Share of face value of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/- (Two) each fully paid up.	Ordinary Resolution		
6	Alteration of Capital Clause V of the Memorandum of Association.	Ordinary Resolution		
7	Alteration of Capital Clause 6 of the Articles of Association.	Special Resolution		

Signed this..... day of.....2019

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.