Seshasayee Paper and Boards Limited

Fifty Eighth Annual Report

2017-18

SESHASAYEE PAPER AND BOARDS LIMITED

DIRECTORS

Sri N GOPALARATNAM, *Chairman*

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

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

Dr NANDITHA KRISHNA

Dr S NARAYAN, I A S (Retd.)

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

Sri A L SOMAYAJI

Sri V SRIDAR

Sri K S KASI VISWANATHAN

Sri V PICHAI

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, Trichi

BANKS

SYNDICATE BANK

CANARA BANK

CENTRAL BANK OF INDIA

REGD. OFFICE

PALLIPALAYAM, CAUVERY RS PO,

ERODE - 638 007, NAMAKKAL DISTRICT,

TAMIL NADU

CIN : L21012TZ1960PLC000364

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CONSOLIDATED FINANCIAL STATEMENTS

NOTICE

Notice is hereby given that the 58th Annual General Meeting of the Company will be held at "Community Centre", SPB Colony, Erode 638 010, on Saturday, the 21st July 2018 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, 2018 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 apppoint a Director in the place of Sri V Pichai (DIN : 00263934) who retires by rotation and being eligible, offers himself for re-appointment.

4 **Ratification of existing Auditors' appointment and appointment of new Auditor**

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

(i) "RESOLVED THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the Company do hereby ratify the appointment of M/s R Subramanian and Company LLP (Firm Registration No. S200041), Chartered Accountants, Chennai, as Auditors made by Shareholders at the 57th Annual General Meeting to hold office till the conclusion of the Sixty Second (62nd) Annual General Meeting.

(ii) RESOLVED FURTHER THAT the Company do hereby re-appoint M/s Maharaj N R Suresh and Company (Firm Registration No. 001931S), Chartered Accountants, Chennai, as Joint Statutory Auditor, pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for a period of five years from the conclusion of this Annual General Meeting till the conclusion of the Sixty Third (63rd) Annual General Meeting.

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

SPECIAL BUSINESS

5 **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 2018-19, be paid the remuneration as set out in the Statement annexed to the Notice convening this meeting.

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

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

(V PICHAI)
Deputy Managing Director & Secretary

Chennai
May 26, 2018

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, are given in Appendix - A.

4 Book Closure

The Register of Members and the Share Transfer Books will be closed from Thursday, the July 12, 2018 to Saturday, the July 21, 2018 (both days inclusive).

5 Dividend

Dividend on declaration will be paid on 23rd July 2018.

Members are advised to refer to 'Shareholder Information' Section of the Corporate Governance Report (Page 39 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 42 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.

STATEMENT

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

Item No. 5

Remuneration to Cost Auditor

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

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

Pursuant to the above, the Board of Directors have appointed M/s S Mahadevan & Co., Cost Accountants (Firm Registration No. 000007) for the audit of cost records of the Company for the financial year 2018-19 and determined the remuneration at ₹ 2 00 000 (Rupees two lakhs only), in addition to Goods and Service Tax, if any, reimbursement of actual expenses incurred in connection with the Audit, based on the recommendations of the Audit Committee. It is now placed for the approval of the Members in accordance with Section 148(3) of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

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

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

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

(V PICHAI)
Deputy Managing Director & Secretary

Chennai

May 26, 2018

Appendix - A

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 Eighth Annual General Meeting :

SRI V PICHAI :

Date of birth and age	:	12 09 1947 (70 years)
Date of appointment	:	29 01 2005 as Director (Finance) & Secretary 01 04 2008 as Director (Finance) & Secretary 01 04 2011 as Director (Finance) & Secretary 01 04 2014 as Deputy Managing Director & Secretary 01 04 2017 as Deputy Managing Director & Secretary
Qualification	:	B.Com., ACA, ACS, CAIIB
DIN	:	00263934
Expertise in specific functional areas	:	He is a Chartered Accountant and a Company Secretary. His qualifications are B. Com., ACA, ACS and CAIIB. He has to his credit nearly 43 years of experience. After a short stint of 7 years in a nationalised Bank, he joined the Company in 1980. He has completed over 35 years of service in the Company. He has managed admirably various functional areas of the Company, viz., Accounts, Finance, Legal, Taxation, Secretarial, etc. He is in charge of the Finance, Accounts, Taxation, Legal and Secretarial functions of the Company. He reports to the Chairman.
Number of shares held in the Equity Capital of the Company	:	8539
Relationship with other Directors	:	He is not related to any other Director.
Directorships in other companies	:	Dhanashree Investments Private Limited Time Square Investments Private Limited Ultra Investments and Leasing Company Private Limited
Committee / executive positions held in other companies	:	Nil

Appendix - B

Voting Process and Instructions

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

I In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 58th 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 14, 2018 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 Sl No. 1 to 10 of (i) above, to cast vote.

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

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

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

VII You can also update your mobile number and e-mail ID in the user profile details of the folio, which may be used for sending future communication(s).

VIII The Remote e-voting period commences on July 18, 2018 (9:00 a.m.) and ends on July 20, 2018 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of July 14, 2018, 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 14, 2018.

(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 14, 2018. 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 14, 2018.

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

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

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

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

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

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

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

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

7. Voting Results :

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

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

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

DIRECTORS' REPORT

The Directors hereby present their Fifty Eighth Annual Report and the Audited Accounts for the year ended 31st March 2018 :

The Company hitherto was following the Companies (Accounting Standards) Rules, 2006 and Indian GAAP. It has now adopted the Indian Accounting Standards (IndAS) from Financial Year 2017-18 as mandated and reworked the financial statements for Financial Year 2016-17 for presenting comparative information. 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 & Loss, there is and would be periodical impact on "Other Comprehensive Income" in measuring and restating investments at fair value.

WORKING RESULTS

	2017-18	2016-17
	(in tonnes)	(in tonnes)
Production	1 88 203	1 95 413
Sales	1 86 595	1 93 977
	(₹ crores)	(₹ crores)
Revenue from Operations		
Sales and Other Operating Income	1117.79	1166.67
Less: Excise Duty and Excise Cess	13.14	59.08
	1104.65	1107.59
Other Income	9.40	8.14
Total Revenue	1114.05	1115.73
Profit before interest, depreciation, exceptional item and tax	216.59	221.80
Finance Cost	14.30	23.20
Depreciation	31.94	30.62
Exceptional Item	4.84	–
Profit before tax	175.19	167.98
Provision for current tax	36.02	35.90
Transfer to / (from) Deferred Tax	16.28	4.04
Net Profit	122.89	128.04

DIVIDEND

The Board of Directors recommend payment of Dividend at ₹ 15 (₹ Fifteen) per Equity Share, absorbing a sum of ₹ 18.92 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 ₹ 3.89 crores.

Pursuant to the Accounting Standard 4 revised by Ministry of Corporate Affairs Notification dated 30th March 2016, proposed dividend on Equity Shares and Corporate Tax on dividend being a non adjusting event at the Balance Sheet date, are not recognised as a liability in the accounts for the year ended March 31, 2018. The same will be recognised in the year of payment, viz., year ending March 31, 2019.

APPROPRIATIONS

	2017-18 (₹ crores)
Net profit for the year	122.89
Add:	
Surplus brought forward from the previous year	84.28
	207.17
Less:	
Re-measurement of Defined Benefit Plans	2.78
Dividend paid during the year (For FY 2016-17)	12.61
Tax on Dividend distribution	2.57
Transfer to General Reserve	100.00
Balance carried forward	89.21

OPERATIONS

PRODUCTION

During the year, production at Unit : Erode was 1 21 594 tonnes, as compared to 1 25 662 tonnes, in the previous year.

Unit : Tirunelveli produced 66 609 tonnes of Paper during the year, as compared to 69 751 tonnes, produced in the previous year.

Production was affected in both the Units due to severe shortage of water faced during the summer season due to continuous failure of monsoon and planned shuts availed for installing key equipment under Mill Development / Expansion Plans.

Unit : Erode also produced 24 631 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

The overall production for the Company was 1 88 203 tonnes of Paper and Paper Boards for the year, as compared to 1 95 413 tonnes produced, in the previous year.

SALES

After taking into account 1 608 tonnes towards in-house consumption, Unit : Erode sold 1 19 986 tonnes, against the production of 1 21 594 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 ₹ 23.92 crores and 510 tonnes of Note Books. Closing Stock of Traded Goods was 16 tonnes, as on March 31, 2018.

Unit : Tirunelveli sold 66 609 tonnes of all the quantity produced and achieved zero stock at the end of the financial year.

Unit : Tirunelveli had also sold 415 tonnes of Note Books. Closing stock of traded goods was 411 tonnes as on March 31, 2018.

The overall sale of Paper and Paper Boards effected by the Company during the year, was 1 86 595 tonnes, compared to 1 93 977 tonnes, sold during the previous year.

PROFITABILITY

The Revenue from Operations of the Company for the year was ₹ 1117.79 crores, as against ₹ 1166.67 crores, in the previous year.

Profit before interest, depreciation, exceptional item and tax was ₹ 216.59 crores, for the Company as a whole, compared to ₹ 221.80 crores, in the previous year.

After absorbing interest and depreciation of ₹ 14.30 crores, ₹ 31.94 crores respectively and after taking into consideration exceptional income of ₹ 4.84 crores, the Profit before tax was ₹ 175.19 crores, as compared to ₹ 167.98 crores, in the previous year.

The Company achieved good financial results, despite loss of production, 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 enabling replacement of costly imported pulp.
- ◊ Moderation in Wood Prices.
- ◊ Optimisation in Raw Material mix, Product mix.
- ◊ Improved paper market conditions witnessed from the end of third quarter of the financial year.
- ◊ Higher Operating Income due to monetisation of REC inventory.
- ◊ Lower Interest and Financing Charges due to repayment of Term Loans, marginal reduction in interest rates and non-utilisation of working capital limits.

The Company could not pass on fully the cost increase arising out of steep increase in the prices of Coal, Furnace Oil and other input chemicals during the year.

For the year ended 31st March 2018, the tax liability under the normal method works out to ₹ 39.30 crores after deduction under Section 80-IA of the Income tax Act, 1961. The tax liability under

MAT works out to ₹ 36.02 crores. Consequently, the Company became liable for the net current tax liability of ₹ 39.30 crores. The Company is eligible to utilise ₹ 3.28 crores as MAT Credit Entitlement and consequently the net payment of tax will be ₹ 36.02 crores.

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 ₹ 3.61 crores during the year and the balance outstanding as on March 31, 2018 was ₹ 18.74 crores.

MARKET CONDITIONS

The year under review commenced with stable market conditions, aided by a growing economy and reduction in the supply of paper products in the domestic market on account of closure of some units, coupled with restricted production of Maplitho and other grades due to shortage of water in the River Cauvery.

However, month June 2017 witnessed huge drop in orders on account of the upcoming introduction of GST from July 01, 2017. Lack of clarity on overall GST provisions and rules as well reluctance on the part of small traders to migrate to GST regime, resulted in poor order flow and accumulation of unsold stock with Mills.

Simultaneously, the market was flooded with imports of Copier and Maplitho grades from ASEAN countries taking advantage of the Zero Import Duty concession, at highly competitive prices, forcing domestic manufacturers to effect price reduction in these grades.

Q-2 and Q-3 saw failure of Indentors / Dealers to lift their assigned quota. Consequently unsold stock with Mills swelled.

Welcome breakthrough came in the form of huge hike in international pulp prices, forcing overseas manufacturers to put up paper prices and cut-down their export volume to Indian market. Softening trend of Indian Rupees vis-a-vis US$, further raised the cost of imported paper; customers came back to domestic mills to meet their demand. Market became thus stable in Q-4. This enabled SPB to liquidate accumulated stocks.

Meantime, few Indian manufacturers had moved an application with appropriate authority seeking imposition of Anti Dumping Duty on Copier imports from ASEAN countries. Investigation is currently on by the Director General of Anti-Dumping and Allied Duties.

With these developments, paper market became stable during Q-4 and enabled the Company to achieve the customary Zero Stock at the end of the Financial Year for the 20th time in the last 24 years.

EXPORT PERFORMANCE

Unit : Erode exported 14 446 tonnes during the year, as compared to 12 737 tonnes, exported during 2016-17. The export proceeds amounted to ₹ 81.17 crores. Export constituted around 11.88% of the Production.

Unit : Erode also sold 34 tonnes, under deemed exports whose proceeds amounted to ₹ 0.21 crore.

Unit : Tirunelveli exported 14 484 tonnes of Paper during the year, as against 13 130 tonnes, exported during the previous year. The export proceeds amounted to ₹ 77.12 crores. Export constituted around 21.74% of the Production.

Unit : Tirunelveli also sold 156 tonnes, under deemed exports whose proceeds amounted to ₹ 0.94 crore.

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, as suitable for Pulp production and provided Melia- Dubia Clones also 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 twelve crore seedlings (Clonal Eucalyptus Seedlings, bare-rooted Casuarina Seedlings and Melia Dubia Clones) were made available to farmers at subsidised rates for planting in about 15 000 acres of land.

ISO 9001 / ISO 14001 ACCREDITATION

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

Both ISO 9001 and ISO 14001 Standards have undergone revision to 2015 Standards which lays emphasis on the role of top management, adoption of risk management and change management 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 ® (FSC-C084458) CERTIFICATION

The Company has been certified under three Standards of FSC, viz. FSC-STD-40-004, FSC-STD-40-005, FSC-STD-40-003 and FSC-STD-50-001. By this, the Company assures its stakeholders that the wood, wood fibre and pulp purchased by it are traceable to responsibly managed plantations and that adequate document controls are in place to ensure identification and traceability throughout the Chain of Custody. This also means that the Company is capable of manufacturing and selling **FSC Mix Products in the domestic and international markets**

AWARDS

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

- ◊ "GreenCo Gold" rating under the GreenCo Rating System by the Confederation of Indian Industry (CII).
- ◊ CII's 18th National Award for Excellence in Energy Management - 2017 - "Excellent Energy Efficient Unit".
- ◊ Certificate of Merit (under National Energy Conservation Award) by Ministry of Power for the efforts in Energy Conservation in the Pulp & Paper Sector.
- ◊ Certificate of Recognition by Bureau of Energy Efficiency for promoting energy efficient and cleaner production for sustainable industrial growth.

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, 2018, 7 461 Members were holding their Shares in Demat form and 98 44 488 Equirty shares, representing 78.05% of the total Paid-up Equity Share Capital of the Company, have been dematerialised. SUBSIDIARY M/s Esvi International (Engineers & Exporters) Limited (Esvin) is a wholly owned subsidiary of the Company. Currently, Esvin holds properties and derives property income.

MILL DEVELOPMENT / EXPANSION PLAN

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

Unit : Erode

The Mill Development Plan II - Phase I has since been completed at a cost of ₹ 75 crores.

Under Phase-I, Wood Pulp Line was upgraded to produce 1 45 000 tonnes per annum of wood pulp. Second Stage Oxygen Delignification System and a Twin Roll Barrier Press were installed in the Wood Pulp Mill. A new Electro Static Precipitator was added in Chemical Recovery Complex.

In addition, a new Winder was added to Paper Machine 1-4. Distributed Control System in the Stock Preparation Section of Paper Machines 1-4 and Energy Efficient Drive System were added in Paper Machine # 3.

Further, major retrofit was carried out in Power Boiler to generate additional steam and power. This has helped us to wheel 3 MW of power from Unit : Erode to Unit : Tirunelveli.

Work commenced under Phase-II at an estimated cost of ₹ 50 crores to enhance paper production and upgrading Bagasse Pulping facility and Waste Water Treatment Plant. Works are currently in progress.

Unit : Tirunelveli

Mill Expansion Plan in Unit : Tirunelveli has been undertaken at a cost of ₹ 75 crores.

Film Press and Top Wire Former were installed in the Paper Machine to help in improving the quality of paper as well as step 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. Augmenting Waste Water Treatment facility and installation of Wetlap Machine for De-inked Pulp are in progress.

CURRENT YEAR (2018-19)

In Unit : Erode, the Production during April 2018 was 9 712 tonnes, as compared to 9 073 tonnes, produced during April 2017. In Unit : Tirunelveli, the Production was 5 058 tonnes in April 2018, as against 5 454 tonnes in April 2017. The overall Production for the Company, for the month of April 2018, was 14 770 tonnes. Total Revenue, during April 2018, amounted to ₹ 74.58 crores, compared to ₹ 68.97 crores, during April 2017.

During April 2018, 815 tonnes of paper, valued at US$ 7 47 229 (equivalent to ₹ 4.96 crores) were exported.

Both Mettur Dam (for Unit : Erode) and Papanasam Dam (for Unit : Tirunelveli) have poor storage level. However, scattered summer showers have kept the Rivers running with water, which has helped the two units to maintain 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 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. Extensive augmentation of waste water treatment facility is under implementation.

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, 2018 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 invested ₹ 2.00 crores in the Equity Capital of its fully owned Subsidiary, viz., Esvi International (Engineers & Exporters) Limited by subscribing to 100 000 Equity Shares of ₹ 100 each at a premium of ₹ 100 per share.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

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

MATERIAL CHANGES AND COMMITMENTS

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

There are no material changes and commitments in the business operations of the Company since the close of the financial year on 31st March 2018 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 Industrial Investment Corporation Limited (TIIC) withdrew the nomination of Sri Satyabrata Sahoo, IAS and in his place nominated its Managing Director Dr (Mrs) M Aarthi, IAS, as its Nominee Director on the Board of our Company.

Your Directors place on record the valuable services rendered by Sri Satyabrata Sahoo, IAS, during his tenure as Directors of the Company.

All the Independent Directors have given the declaration that they met the criteria on independence, as laid down under Section 149(6) of the Companies Act, 2013. The performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the Director being evaluated at the Board Meeting held on 23rd March 2018.

The Board on the basis of such performance evaluation decided 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

The term of appointment of M/s Maharaj N R Suresh & Co., (Firm Regn. No. 001931S) as Statutory Auditor of the Company expires at the conclusion of the 58th Annual General Meeting. They are eligible for re-appointment for a further term of five years from the conclusion of the 58th Annual General Meeting as provided under Section 139(2) of the Companies Act, 2013. Taking into consideration the excellent services rendered by M/s Maharaj N R Suresh & Co., the Board of Directors, on the recommendations of the Audit Committee of the Board, appointed them as one of the Statutory Auditors of the Company to hold office for a term of five years from the conclusion of the 58th Annual General Meeting and till the conclusion of 63rd Annual General Meeting.

M/s R Subramanian and Company LLP (Firm Regn. No. 004137S) continue to be the other Statutory Auditor 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 26, 2018

Annexure - I

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

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 flat 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 (EEPN), Paper Industry should enable a clean, healthy, just and sustainable future for all life on Earth. EEPN's vision encompasses 7 principles; namely: Reduce global paper consumption and promote fair access to paper, maximise recycled paper content, ensure social responsibility, source fibre responsibly, reduce green house gas emissions, ensure clean products 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 has undergone many changes that are hindering the growth of graphic paper industry. China's economic growth has slowed from 9 - 10% per annum in 2009-10 to close to 7% in 2014-15 and to less than 7% last year as the Government seeks to re-orient the economy from investment driven growth to consumption driven growth. This, combined with a major shift towards digital media usage has slowed Chinese graphic paper demand growth. RISI estimates that demand declined 1% - 2% from 2014-15, a strong contrast to the 6% - 7% demand growth that the market experienced from 2009-10, onwards.

Domestic

India's paper production, in the year 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 67 kgs. India's per capita consumption is considerably lower than China's 65 kg, Indonesia's 22 kg, Malaysia's 25 kg, and of course USA's 312 kg consumption levels. This indicates the ample scope available for expansion of the Indian Paper Industry.

While the market size and per capita consumption are relatively low, they have exhibited a rising trend over the 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 favourable, 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 to grow at a healthy 7.0 - 7.5% over the next 5 years. Printing and writing paper is expected to rise at 4% - 4.5% CAGR against 3.6% between 2010-11 and 2015-16 on account of a likely pick-up from the education sector with improving literacy rates and Government schemes. Speciality Paper is expected to continue growing at about 9-11%.

The Industry, faced considerable challenges in 2014-15 and in 2015-16, resulting in build-up of inventory and erosion in manufacturers' margins. Poor growth in demand, consequent on a sluggish economy, unabsorbed excess capacity in the Industry, product substitution and competition from imports were largely responsible for the 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.

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

The following competitive weaknesses and threats confront the Industry are:

- ◊ inadequate availability of virgin fibre resulting in high cost of raw materials, including wood, non-wood and waste paper.

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

Paper Industry is capital intensive and yields poor returns on investments. To enhance the competitiveness of the Industry, 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 7000 ha by small and marginal farmers in Tamil Nadu.

◊ The Company depends entirely on imported coal for operating its Captive Power Plant. The price of imported coal witnessed an unprecedented increase of more than 100% during 2007-08. Prices which softened from second half of 2008-09, have shown a rising trend currently. 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 2018

Global

The Global economic upswing that began around mid 2016 has become broader and stronger according to IMF. IMF has updated its growth forecast for the global economy for 2018 and 2019 to 3.9% for both the years on the strength of continuing strong performance in the Euro area, in Japan, in China and in the United States, all of which grew above expectations last year. IMF's 2018 growth projections are : Euro Area - 2.4%, Japan - 1.2%, China - 6.6% and USA - 2.9%.

As per OECD forecast, China is expected to grow more slowly, by 6.2% in the medium term. Excess capacity issues and financial market vulnerabilities are the main drags on growth. Private consumption and investment will remain the anchors of growth. Exports are expected to contribute more significantly in the coming years as new free trade zones gain traction and following the government's initiatives to scale up the value addition of China's traded goods.

Domestic

India's growth will rise to about 7.3% between FY 2018-19 and FY 2022-23, from the 6.8% average from FY 2011-12 to FY 2015-16, despite the structural strains due to reform measures. Economic growth will draw support from the steady expansion of private consumption and investments following foreign ownership liberalisation in some industries. The planned government spending expansion should further boost growth. However, the jump in the stock of banks' bad assets and contingent liability risks may limit the expansion of demand.

Imports of paper and paperboard into India have been steadily increasing in the last 6 years. Imports have risen at a CAGR of 18% under the India-ASEAN FTA. The basic Customs Duty on paper and paperboard has come down to nil rate from 2014. Consequently imports of paper and paperboard have grown at a staggering CAGR of 43%.

Similarly, under India-Korea CEPA, imports duty has come down to nil and imports of paper and paperboard have grown by a 60% CAGR. Imports of paper from countries where cost of wood is at least US $ 30/t lower and consequently the final product is cheaper, has unsettled the Indian markets. Domestic Mills are the casuality.

While the Government of India has initiated investigation into this unfair competition, high cost of paper (consequent on high cost of market Pulp) in the international market coupled with frequent hikes and weakening trend of Indian Rupee vis-a-vis USD has created some apprehensions in the Trade and has slowed down import. Continuance of this welcome trend will help domestic mills to get their fair share of the Indian market for paper and paper board.

Fitch Rating's forecast puts India's growth rate at 7% in 2018-19 and 7.5% in 2019-20, on account of increased investment in infrastructure and waning of the disruptions caused by GST rollout. The Ratings Agency has also projected higher growth rates for the US, Euro-zone and China. The agency has predicted that global economic growth is set to remain above 3% for three consecutive years until 2019, a factor which will favourably influence India's growth rate, as well.

World Bank has made similar growth rate projections for India while as per a Harvard University report, India tops list of fastest growing economies for the coming decade. India is projected to grow at 7.9% annually in the coming decade well ahead of China.

CRISIL in its analysis has stated that after two sub-par years, interjected by demonetisation and rollout of GST, Indian Economy's growth is recuperating to a respectable 7.5%. This however is still below the 13 year average.

The key engines supporting the upturn are largely domestic and policy driven, though a synchronous upturn in global growth will, undoubtedly, provide some tail wind.

NCAER, on its part, has projected India's 2018-19 economic growth at 7.5%.

The outlook for the global paper and forest products industry remains stable, as per a report of Moody's Investment Service. As per this report, overall operating earnings will grow modestly over the next 12-18 months, though escalating costs will dampen the benefit of higher prices. Among subsectors, packaging grades, tissue and market pulp will carry stable outlooks while paper segment will remain negative. CRISIL, however, has opined that in India, firm prices of writing and printing paper and falling cost of production due to efficiency improvements are bolstering the profitability of domestic writing and paper manufacturers. This CRISIL study indicates improved cash-flows of printing and writing paper manufacturers which will help them reduce the net debt sharply. In contrast to the subdued global demand growth for writing and printing paper - at less than 1%, domestic consumption is buoyant at 5% - 6% year on year, driven by rising literacy, growing school enrolment rates and higher promotional spends. Closure of stressed domestic capacities, has led to supply constraints. Consequently, paper prices have remained healthy.

CARE Ratings, in its detailed analysis of the domestic paper industry, expects that overall paper demand will grow at a CAGR of 6% and likely touch 18.5 million tonnes in 2018-19. According to CARE Ratings, printing and writing segment demand is expected to grow at a CAGR of 4.2% and reach 5.3 million tonnes in 2018-19, while the demand for packaging paper and board segment is expected o grow at a CAGR of 8.9% and reach 9.7 million tonnes in 2018-19.

(vi) Internal control system and their adequacy

- ◊ The Company maintains all the records in ERP system developed in-house and the work flow and majority of approvals are routed through this system.
- ◊ The Company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as Internal Auditors for periodically checking and monitoring the internal control measures.

- ◊ Internal Auditors are present at the Audit Committee Meetings where Internal Audit Reports are discussed alongside of management comments and the final observation of the Internal Auditor.
- ◊ The Board of Directors have adopted various policies, like Related Party Transactions Policy and Whistle Blower Policy and put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.
- ◊ The Company has enlisted the services of an external firm of Chartered Accountants to evaluate the adequacy of the internal financial control systems adopted by the Company. They have expressed satisfaction with the existing internal financial control system prevalent in the Company.
- ◊ The Statutory Auditors have also expressed satisfaction with the existing system in their Audit Report to the Shareholders.

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

Financial Highlights

	2017-18 (in tonnes)	2016-17 (in tonnes)
Production	**1 88 203**	1 95 413
Sales	**1 86 595**	1 93 977

	(₹ crores)	(₹ crores)
Total Revenue	**1114.05**	1115.73
Profit Before Interest, Depreciation and Tax (PBIDT)	**221.43**	221.80
Profit Before Depreciation and Tax (PBDT)	**207.13**	198.60
Profit Before Tax (PBT)	**175.19**	167.98
Profit After Tax (PAT)	**122.89**	128.04

The Company achieved good financial results, despite loss of production, 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 enabling replacement of costly imported pulp.
- ◊ Moderation in Wood Prices.
- ◊ Optimisation in Raw Material mix.
- ◊ Higher sales realisation due to better Product mix.
- ◊ Improved paper market conditions witnessed from the end of third quarter of the financial year.
- ◊ Higher Operating Income due to monetisation of REC inventory.
- ◊ Lower Interest and Financing Charges due to repayment of Term Loans, marginal reduction in interest rates and non-utilisation of working capital limits.

The Company could pass on only partially, the cost increase arising out of steep increase in the prices of Coal, Furnace Oil and other input chemicals during the year, to the market.

The profit after tax for the year ended March 31, 2018 was ₹ 122.89 crores, as compared to ₹ 128.04 crores, in the previous year.

(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 1 354 persons of all ranks in its two Units.

ANNEXURE - II

REPORT ON CORPORATE GOVERNANCE

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

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

Company's philosophy on code of governance

Corporate Governance has several claimants, viz., Shareholders, and other stakeholders which include suppliers, customers, creditors, bankers, 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No Director is a relative of any other Director. The age of every Director, including Independent Director, is above 21.

The details are furnished hereunder:

Sl No.	Name of the Directors	No. of shares 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	Mr Satyabrata Sahoo, IAS*	Nil	Non Executive Director	Nominee of Tamilnadu Industrial Investment Corporation Limited - Non Independent Director
8	Dr. (Tmt) M Aarthi, IAS+	Nil	Non Executive Director	Nominee of Tamilnadu Industrial Investment Corporation Limited - 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 03 02 2018.

* Ceased to be a Director with effect from 03 02 2018.

(ii) Independent Directors

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

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

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

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

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

Attendance of each Director, at the Board Meetings held during the financial year 2017-18 and at the last Annual General Meeting, is furnished hereunder:

Sl No.	Names of the Directors	Board Meetings		Last Annual General Meeting	
		Held	Attended	Attended	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	1	--	Yes
4	Dr Nanditha Krishna	5	5	Yes	--
5	Dr S Narayan, IAS (Retd.)	5	5	Yes	--
6	Sri A L Somayaji	5	5	Yes	--
7	Sri V Sridar	5	5	Yes	--
8	Mr Satyabrata Sahoo, IAS*	5	--	--	Yes
9	Dr. (Tmt) M Aarthi, IAS+	5	--	--	Yes
10	Sri K S Kasi Viswanathan	5	5	Yes	--
11	Sri V Pichai	5	5	Yes	--

+ Appointed as Director on 03 02 2018.

* Ceased to be a Director with effect from 03 02 2018.

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, 2018 :

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

@ Includes 1 Private Limited Company.

Includes 3 Private Limited Companies.

$ Includes 1 Private Limited Company.

* Includes 1 Private Limited Company.

+ Includes 3 Private Limited Companies.

B Board Process

Board Meetings:

(i) Board Meetings

The Board meeting dates for the entire financial year are tentatively fixed before start of the year. An annual calendar of Board / Committee meetings is circulated to facilitate Directors plan their schedules for attending the meetings. Audit Committee and Board meetings are convened on two consecutive days to obviate avoidable travel and recognising 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 2017-18, five Board Meetings were held on May 30, 2017, July 29, 2017, October 28, 2017, February 03, 2018 and March 23, 2018. The Annual General Meeting was held on July 29, 2017. 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 minimisation procedures that are periodically reviewed. The Board is committed to discharge all key functions and responsibilities as spelt out in the Companies Act, 2013, extant SEBI Regulations and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

(iii) Board Minutes

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

C Board Committees

(i) Audit Committee

The Board has constituted an Audit Committee comprising 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 30 2017, July 28, 2017, October 27, 2017, February 02, 2018 and March 23, 2018.

Its composition and attendance during 2017-18 is given hereunder :

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

* Appointed on 03 02 2018.

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

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

(ii) Nomination cum Remuneration Committee

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

◊ Sri R V Gupta, IAS (Retd.)

◊ Dr S Narayan, IAS (Retd.) and

◊ Sri V Sridar.

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

◊ Formulation of criteria for determining qualifications, positive attributes and independence of a Director.

◊ Recommending to the Board a remuneration policy for Directors, Key Managerial Personnel and senior management.

◊ Formulation of criteria for evaluation of Independent Directors and the Board.

◊ Devising a policy on Board diversity.

◊ Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee meets as per needs. It met once during the year on 23 03 2018.

(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 30, 2017, July 28, 2017, October 28, 2017, February 02, 2018 and March 23, 2018.

Its composition and attendance is given hereunder:

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

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

(iv) Corporate Social Responsibility (CSR) Committee

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

Name of Member	Category	No. of Meetings	
		Held	Attended
Sri N Gopalaratnam, Chairman	Executive - Non Independent	4	4
Sri V Sridar	Non-Executive - Independent	4	4
Sri K S Kasi Viswanathan	Executive - Non Independent	4	4
Sri V Pichai	Executive - Non Independent	4	4

(v) Other Committees

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

(vi) Committee Minutes

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

(vii) Circular Resolution

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

D Governance Process and Policies

(i) Policy on Directors' Appointment and Remuneration :

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

1 Criteria for selection of Non Executive Directors :

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

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

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

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

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

2 Remuneration Policy

The Remuneration Policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with competition, size of the Company, its nature of business and considered appropriate to the respective role and responsibilities of the employee concerned.

The Remuneration Policy seeks to ensure that performance is 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 2017-18 is disclosed under Note No. 42 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 2017-18

Sl No.	Name of the Non Whole time Director	Sitting Fee paid		Commission payable for 2017-18
		Board Meetings	Committee Meetings	
		₹ lakhs	₹ lakhs	₹ lakhs
1	Sri R V Gupta, IAS (Retd.)	1.25	1.50	5.00
2	Mr Md. Nasimuddin, IAS	0.25	--	5.00@
3	Dr Nanditha Krishna	1.25	--	5.00
4	Dr S Narayan, IAS (Retd.)	1.25	1.50	5.00
5	Dr. (Tmt) M Aarthi, IAS	--	--	5.00#
6	Sri A L Somayaji	1.25	0.25	5.00
7	Sri V Sridar	1.25	4.50	5.00
	Total	**6.50**	**7.75**	**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.

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

The Independent Directors in their exclusive meeting held on 23rd March 2018 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 Director, were present at this meeting.

The Board, at its meeting held on 23rd March 2018, evaluated the performance of each of the four Committees and also the functioning of each of the Independent Directors (excluding the Independent Director being evaluated). The Board has recorded its overall satisfaction and decided in terms of Para VIII(2) of Schedule IV to the Companies Act, 2013 that Independent Directors be continued in their respective offices.

(iii) Insider Trading

The Company had framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code was applicable to all Directors and designated employees. It is hereby affirmed that all Directors and designated employees have complied with this Code during Financial Year 2017-18 and a confirmation to this effect has been obtained from them.

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

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

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

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

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

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

(iv) Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the Financial Year 2017-18.

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 2017-18 where they have personal interest that may have a potential conflict with the interest of the Company at large.

(v) Related Party Transactions

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

All RPTs during the Financial Year 2017-18 were on an arms-length basis and were in the ordinary course of business. They have been disclosed in deference to Accounting Standard 18 in Note No. 42 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 2017-18.

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, minimise adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimisation 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 2017-18.

(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 2017-18.

E Other Compliances

(i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with 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 2017-18 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 2017	20 07 2017
30 09 2017	19 10 2017
31 12 2017	25 01 2018
31 03 2018	21 04 2018

(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 2017-18.

(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 2017-18. The Secretarial Audit Report was placed before the Board on 26th May 2018 and the same is annexed.

There are no qualifications in the Secretarial Audit Report.

(ix) Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed M/s Suri & Co., Chartered Accountants (Firm Regn. No. 004283S), Chennai, to conduct Internal Audit of the functions and activities of the Company for Financial Year 2017-18. The Internal Auditor reports directly to the Chairman and attends all Audit Committee Meetings to provide clarifications, if any, that may be required by Directors.

(x) CEO / CFO Certification

CEO certification by Sri K S Kasi Viswanathan, Managing Director and CFO certification by Sri V Pichai, Deputy Managing Director and Secretary who is also the Chief Financial Officer, as required under SEBI (LODR) Regulations, 2015 were placed before the Board at its meeting on 26th May 2018.

(xi) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2018 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditors' Certificate on Corporate Governance

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

(xiii) Subsidiary Companies

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

(xiv) Deposits

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

(xv) Peer Review of Auditors

As per the Listing Agreement, the Limited Review / Audit Reports shall be given only by an Auditor who has subjected himself to the Peer Review process and holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Statutory Auditors of the Company, M/s 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.

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 continues to remain in the regime of unqualified financial statements.

SEBI, vide its Circular dated 13th August 2012, has evolved a system to monitor audit qualification covered in Auditor's Report. Accordingly, listed companies, while submitting Annual Report under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are required to submit Form A in case of Unqualified Auditor's Report and Form B in case of Qualified / Subject to / Except for Audit Report. Stock Exchanges will initiate further steps, as specified in the Circular, in case of companies where Form B has been filed. Our Company will comply with this SEBI Circular while filing the Annual Reports for the Financial Year ended 31st March 2018.

G Disclosures

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

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

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

H Means of Communication

Board Meeting / Financial Results

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

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

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

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

(c) sent to all Shareholders by post

(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 Eighth Annual General Meeting

Date and time	:	Saturday, the 21st July 2018 at 11.00 AM
Venue	:	"Community Centre", SPB Colony ERODE 638 010, Tamilnadu
Financial Year	:	2017-18
Book closure dates	:	Thursday, the 12th July 2018 to Saturday, the 21st July 2018 (both days inclusive).
Dividend	:	₹ 15 (₹ Fifteen) per Equity Share (Proposed)
Dividend payment date	:	23rd July 2018

(ii) Particulars of past three Annual General Meetings

AGM / Year	Venue	Date & Time	Special Resolutions passed
55th 2014-15	"Community Centre" SPB Colony ERODE 638 010 Tamilnadu	01 08 2015 11.00 AM	Nil
56th 2015-16	"Community Centre" SPB Colony ERODE 638 010 Tamilnadu	23 07 2016 11.00 AM	Nil
57th 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

No Extraordinary General Meeting was convened during the year.

(iii) Postal Ballot

No Special Resolution was required to be passed by Postal Ballot at the last Annual General Meeting. The Company extended e-Voting option to all Shareholders for the 57th Annual General Meeting, pursuant to Section 110 of the Companies Act, 2013 and Resolutions were passed on that basis.

(iv) Financial Calender for 2018-19 (tentative)

May 2018 :

Audited results for 2017-18

July 2018 :

Annual General Meeting and

First Quarter Results for 2018-19

October 2018 :

Second Quarter Results for 2018-19

February 2019 :

Third Quarter Results for 2018-19

March 2019

Review of performance

May 2019 :

Audited Results for 2018-19

July 2019 :

Annual General Meeting and First Quarter Results for 2019-20.

(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: cmlist@nse.co.in

Fax: (91)(22)2659 8237 / 2659 8238

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

Listing Fee has been paid to the above two Stock Exchanges, in which the Company's Equity Shares are listed, upto March 31, 2019.

(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, 2018, 7 461 Shareholders are holding Shares in Demat form and 98 44 488 shares have been dematerialised, representing 78.05% of the total Equity Share Capital.

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

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

NIL

(x) Permanent Account Number (PAN) Requirement

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

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

SEBI, by its SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made it mandatory to furnish a copy of PAN Card of the transferor to the Company / RTA for registration of transfer of shares of listed companies in physical form and off market / private transactions.

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

Investors are advised to take note of same.

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

Integrated Registry Management Services 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) Share Transfer System

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

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

(xiii) Unclaimed Dividend

Pursuant to Section 124(5) of the Companies Act 2013, dividend remaining unpaid or unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Reminders for unpaid dividend are sent to the Shareholders who have not claimed the dividend as per records every year.

Pursuant to above, the Unpaid / Unclaimed Dividend for the Financial Year 2009-10 was pertaining to 2797 investors and aggregating ₹ 0.13 crore was transferred on 05 09 2017.

The Unpaid / Unclaimed amount for the Financial Year 2010-11 will be transferred during August 2018. Shareholders are, therefore, advised to contact the Company immediately in case of non-receipt or non-encashment of Dividend.

(xiv) Investor Education and Protection Fund (IEPF)

Upon Section 124(5) and (6) of the Companies Act, 2013 coming into force, companies while transferring the 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 year 2008-09 and 2009-10, 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.

Particulars of unclaimed dividend as on 31 03 2018:

Year	Dividend (₹ per share)	Date	Unclaimed		Due date for transfer to IEPF
			No. of warrants	₹ crores	
2010-11	5	27 07 2011	2913	0.11	20 08 2018
2011-12	5	30 07 2012	3144	0.11	26 08 2019
2012-13	4	29 07 2013	3321	0.10	24 08 2020
2013-14	4	26 07 2014	3430	0.10	22 08 2021
2014-15	4	03 08 2015	3564	0.11	29 08 2022
2015-16	5	25 07 2016	3678	0.15	21 08 2023
2016-17	10	31 07 2017	3825	0.29	26 08 2024

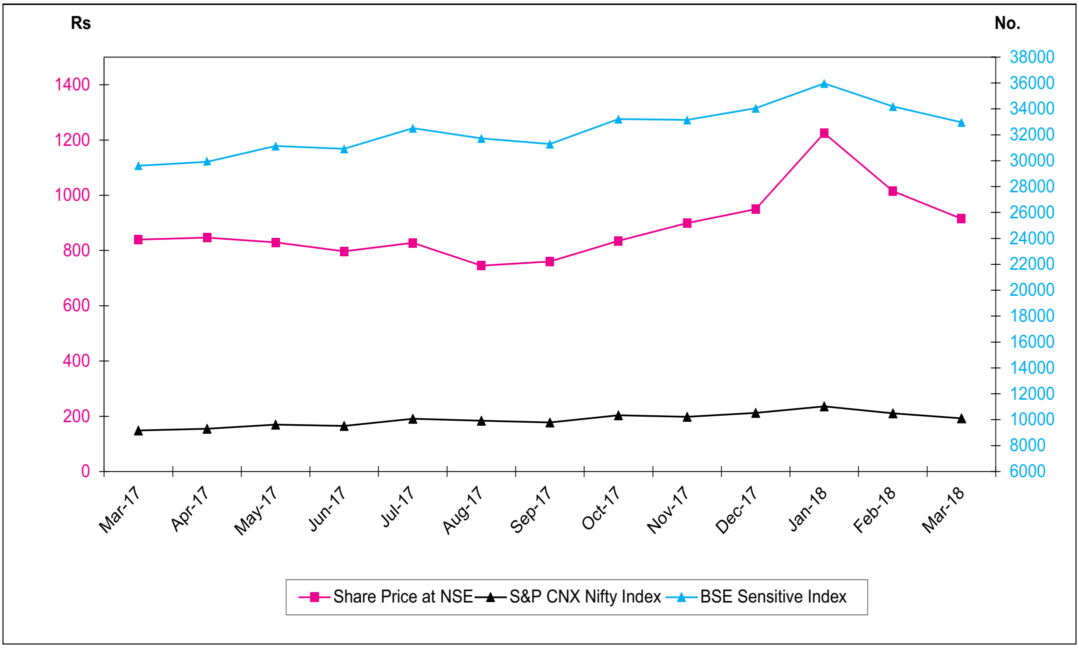
(xiv) Market Price Data

High, low and volume during each month in the financial year 2017-18 (reported at the National Stock Exchange of India Limited and BSE Limited).

Month	BSE				National Stock Exchange			
	Share Price		Volume		Share Price		Volume	
	High ₹	Low ₹	No. of Shares	Value (₹ lakhs)	High ₹	Low ₹	No. of Shares	Value (₹ lakhs)
2017								
April	847.00	701.60	69660	529.03	846.95	700.05	334189	2570.71
May	825.00	710.00	46028	358.51	829.00	705.00	267680	2103.92
June	796.85	720.45	15366	116.80	797.00	723.00	109236	827.02
July	827.90	721.00	32436	250.01	827.85	720.30	218049	1659.88
August	737.50	650.00	15246	106.72	744.90	642.25	76567	532.71
September	758.50	692.75	14082	102.46	760.00	683.25	58066	423.22
October	838.70	696.75	16568	127.10	834.90	720.05	128451	996.89
November	873.80	727.45	18557	150.08	899.00	730.00	146649	1189.55
December	950.00	785.00	43033	383.36	949.30	776.00	406576	3611.29
2018								
January	1225.00	875.00	75705	828.93	1225.00	872.25	521728	5597.20
February	1016.80	840.00	22230	203.16	1015.00	837.05	116064	1051.01
March	900.00	800.45	27765	238.13	915.00	792.00	70125	593.35

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

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



(xvi) Distribution of shareholding as on March 31, 2018

Distribution	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
1 - 100	8967	75.42	366258	2.90
101 - 200	1423	11.97	221097	1.75
201 - 500	1009	8.49	328391	2.61
501 - 1000	255	2.14	188153	1.49
1001 - 5000	166	1.40	367372	2.91
5001 - 10000	29	0.24	215336	1.71
10001 and above	40	0.34	10927021	86.63
Total	**11889**	**100.00**	**12613628**	**100.00**

(xvii) Pattern of Shareholding as on March 31, 2018

Category	No. of Share holders	Voting strength (%)	No. of Shares held
Individuals	11374	19.73	2488028
Companies	237	41.37	5218089
FIIs, NRIs, OCBs	259	20.89	2634899
Mutual Funds, Insurance Companies and Banks	12	0.03	4186
FIs	7	17.98	2268426
Total	**11889**	**100.00**	**12613628**

(xviii) Top 10 Shareholders of the Company as on March 31, 2018

Sl 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	465576	3.69
10	Pushpa Devi Saraogi	224999	1.78
	Total	**9373602**	**74.31**

(xix) Plant Locations

Unit : Erode	**Unit : Tirunelveli**
Pallipalayam	Elanthaikulam
Namakkal District	Singamparai Post
Cauvery RS PO	Mukkudal (via)
ERODE	627 601
638 007	Tirunelveli District
Tamil Nadu	Tamil Nadu

(xx) Address for correspondence

Seshasayee Paper and Boards Limited
Pallipalayam, Namakkal District
Cauvery RS PO,
Erode 638 007
Tamilnadu
CIN : L21012TZ1960PLC000364
Ph : (91)(4288)240 221-228
Fax : (91)(4288)240 229
E-mail : edoff@spbltd.com / investor@spbltd.com
Web Site: www.spbltd.com

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, 2018, 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 Stakeholders Relationship 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

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 26, 2018

ANNEXURE - III

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 03 2018

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

I. REGISTRATION AND OTHER DETAILS :

(i)	CIN	:	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 :

SI 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

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	1000	1000	0.01	0	200	200	0.00	0.00
(b) Banks / FI	1459	3418	4877	0.04	3772	3064	6836	0.05	0.01
(c) Central / State Government	0	1800000	1800000	14.27	0	1800000	1800000	14.27	0.00
(d) Venture Capital Funds	--	--	--	--	--	--	--	--	--
(e) Insurance Companies	465576	0	465576	3.69	465576	0	465576	3.69	0.00
(f) Foreign Institutional Investors	0	100	100	0.00	--	--	--	--	0.00
(g) Foreign Venture Capital Investors	--	--	--	--	--	--	--	--	--
(h) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(i) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (B) (1)	**467035**	**1804518**	**2271553**	**18.01**	**469348**	**1803264**	**2272612**	**18.02**	**0.01**
2. Non Institutions									
(a) Bodies Corporate (Indian)	710394	24350	734744	5.83	650628	21106	671734	5.33	-0.50
(b) Individuals (Resident / NRI / Foreign National)	--	--	--	--	--	--	--	--	--

(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	
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	1082284	528800	1611084	12.77	1195111	357083	1552194	12.31	-0.46
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	999963	19506	1019469	8.08	998591	19506	1018097	8.07	-0.01
(c) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(d) Any other (specify)	--	--	--	--	--	--	--	--	--
Clearing Member	1028593	568181	1596774	12.66	1150806	568181	1718987	13.62	0.96
Sub-Total (B) (2)	**3821234**	**1140837**	**4962071**	**39.34**	**3995136**	**965876**	**4961012**	**39.33**	**-0.01**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**4288269**	**2945355**	**7233624**	**57.35**	**4464484**	**2769140**	**7233624**	**57.35**	**0.00**
(c) Share held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	**9668273**	**2945355**	**12613628**	**100.00**	**9844488**	**2769140**	**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 2017	5380004	42.65		
	Date wise increase / Decrease in Promoters Shareholding during the year			--	--
	At the end of the year 31 03 2018			5380004	42.65
	Hence there is no change in Promoter's Shareholding				

(iii) 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 2017	1800000	14.27		
	At the end of the year 31 03 2018			1800000	14.27
2	**Atyant Capital India Fund I**				
	At the Beginning of the year 01 04 2017	676628	5.36		
	At the end of the year 31 03 2018			676628	5.36
3	**Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust**				
	At the Beginning of the year 01 04 2017	568181	4.50		
	At the end of the year 31 03 2018			568181	4.50
4	**Coromandel Sugars Limited**				
	At the Beginning of the year 01 04 2017	474463	3.76		
	At the end of the year 31 03 2018			474463	3.76
5	**Life Insurance Corporation of India**				
	At the Beginning of the year 01 04 2017	465576	3.69		
	At the end of the year 31 03 2018			465576	3.69
6	**Mrs Pushpa Devi Saraogi**				
	At the Beginning of the year 01 04 2017	224999	1.78		
	At the end of the year 31 03 2018			224999	1.78

(iii) 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
7	**Mrs Usha Devi Saraogi**				
	At the Beginning of the year 01 04 2017	224990	1.78		
	At the end of the year 31 03 2018			224990	1.78
8	**GHI LTP Limited**				
	At the Beginning of the year 01 04 2017	159472	1.26		
	At the end of the year 31 03 2018			159472	1.26
9	**Investor Education and Protection Fund Authority**				
	At the Beginning of the year 01 04 2017	0	0		
	At the end of the year 31 03 2018			154798	1.22
10	**Sri Sathyamoorthi Devarajulu**				
	At the Beginning of the year 01 04 2017	100000	0.79		
	Sale 14 04 2017	(-) 20752	0.16	79248	0.63
	Purchase 28 04 2017	752	0.00	80000	0.63
	Purchase 05 05 2017	1029	0.01	81029	0.64
	Purchase 26 05 2017	13971	0.11	95000	0.75
	Purchase 02 06 2017	5000	0.04	100000	0.79
	Sale 28 07 2017	(-) 17091	0.14	82909	0.65
	Purchase 04 08 2017	7091	0.06	90000	0.71
	At the end of the year 31 03 2018			90000	0.71

(iv) 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 2017	9231	0.07		
	At the end of the year 31 03 2018			9231	0.07
2	**Sri K S Kasi Viswanathan**				
	At the Beginning of the year 01 04 2017	582	0.00		
	At the end of the year 31 03 2018			582	0.00
3	**Sri V Pichai**				
	At the Beginning of the year 01 04 2017	8539	0.07		
	At the end of the year 31 03 2018			8539	0.07

(v) INDEBTENDNESS :-

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	154.41	22.35	--	176.76
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	0.31	--	--	0.31
Total (i)+(ii)+(iii)	**154.72**	**22.35**	**--**	**177.07**
Change in Indebtedness during the financial year				
Addition	31.00	--	--	31.00
Reduction	50.38	3.61	--	53.99
Net Change	**-19.38**	**3.61**	**--**	**-22.99**
Indebtedness at the end 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**

(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	789500	778295	1577795
	(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	961037	819770	819770	2600577
	Total (A)	**19085637**	**16999870**	**16988665**	**53074172**
	Ceiling as per the Act				**176135758**

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	275000	500000	200000	975000
	Dr S Narayan	275000	500000	200000	975000
	Sri V Sridar	575000	500000	200000	1275000
	Sri A L Somayaji	150000	500000	200000	850000
	Dr Nanditha Krishna	125000	500000	200000	825000
2	Other Non-Executive Directors				
	Mr Md. Nasimuddin, IAS	25000#	500000#	83333#	608333
	Dr.(Tmt.) M Aarthi, IAS	--	500000*	200000*	700000
	Total (B)	**1425000**	**3500000**	**128333**	**6208333**
	Total managerial Remuneration (A+B)				59282505
	Over all ceiling as per Act				193749334

Payable to Government of Tamilnadu

* Payable to The Tamilnadu Industrial Investment Corporation Limited.

% This payment of differential amounts paid during the current year and related to financial year 2016-17, as approved by the members at the Annual General Meeting held on 29 07 2017.

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

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

(vii) PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

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

ANNEXURE - IV

FORM NO. AOC - 2

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

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

1 Details of contracts or arrangements or transactions not at arm's length basis.

NIL

2 Details of material contracts or arrangement or transactions at arm's length basis.

(a) Name(s) of the Related Party and nature of relationship.

(i) Control :

Esvi International (Engineers & Exporters) Limited

SPB Equity Shares Trust

(ii) Presumption of significant influence :

Ponni Sugars (Erode) Limited

SPB Projects and Consultancy Limited

Time Square Investments Private Limited

Dhanshree Investments Private Limited

Ultra Investments and Leasing Company Private Limited

(iii) Key Managerial Personnel :

Sri N Gopalaratnam, Chairman

Sri K S Kasi Viswanathan, Managing Director

Sri V Pichai, Deputy Managing Director & Secretary

(b) Nature of contracts / arrangements / transactions :

Details of transactions with the above Related Parties are provided in Note No. 42 to the Accounts for the Financial year 2017-18.

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 2017-18 and hence, none of them are material in nature.

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

(c) Amount paid as advances, if any.

NIL

Annexure - V

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

A. CONSERVATION OF ENERGY

i) Steps taken / impact on conservation of energy:

Unit : Erode

- Energy Efficient Screw Air Compressor with HRU in place of old Reciprocating Air Compressors in Boiler House.

  Yankee machine DC Drive upgradation with AC Drive and AC Motor.
- Installation of LED fittings for Power conservation.
- Insulation of Green Liquor Tanks and related pipe-lines in Recausticising Centre.
- PRDS 1 leak off steam to CT3 Tank & Boiler Spray Attemperator Valves refurbishment with increased Green Energy generation.
- Recovery of hot MP Steam Condensate from RDH to Boiler as feed water.
- Using of LP steam instead of MP steam in starch cooking in Paper Machine section.
- Sonic Sootblower - instead of steam sootblower - in CPP - Coal fired Boiler.

Unit : Tirunelveli

- Refiner Tackle change to fine bar in Paper Machine.
- Refiner Feed Pump and Secondary Screen Pump with VFDs.

ii) Steps taken for utilising alternate sources of energy:

Unit : Erode

- Solar Lighting of Project Office.
- Enhanced Green Power generation from Chemical Recovery operations.
- Increasing Green Power & Steam generation through upgradation of Black Liquor Indirect Heater.

iii) Capital investment on energy conservation equipment:

Unit : Erode

- Mill-wide Thermal insulation - Chemical Recovery Complex (CRB, Re-causticising, Evaporator etc.) along with Spiral Heat Exchanger.
- Pump Audit followed by low efficient Pumps replacement-mill-wide.
- Inefficient Motor replacement to high efficiency IE3 Motors in phased manner.
- Providing AC Variable Speed Drive for Paper Machine 5.
- Enhancing Energy Efficiency Vaccum Pumps.

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 on raw materials, not in our current range, to assess suitability for paper making.
- New Digester Additive introduced in our wood pulping for reduction of Chemicals, cycle time and steam consumption and to achieve better output 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 Colour Copier for American Market (Blue, Green, Pink, Yellow and Beige Colours) developed for export.
- Acid sizing is replaced by binary sizing for making MG Maplitho Yellow for reduction of pollution load.
- In Enzymatic conversion of Native Starch, MP steam is replaced by LP steam for improving quality of cooked Starch and for energy reduction.
- Usage of Ground Calcium Carbonates Filler in place of Soapstone Power at PM-5 Machine to improve overall Filler retention.
- Solid Alum was replaced by Liquid Alum to improve paper sizing to control wastages and to reduce cost.

Unit : Tirunelveli

- Lab trials with different types of Fillers.
- Working closely with Top Wire Former supplier to reduce two sidedness.
- Use of Native Starch to reduce cost.
- Trials with various % of Deinked Pulp in furnish to optimise its usage.

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

Unit : Erode:

- High yielding varieties 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 Melia Dubia is developed through clonal propagation, supplied to farmers for cultivation.

Unit : Tirunelveli :

- Introduction of 100% Ground Calcium Carbonate Filler to improve the overall Filler retention and paper quality.
- Formation and two sidedness (with respect to shade and smoothness) improved by installation of Top Former.
- Introduction of Native Starch for Metering Size Press application to reduce cost.
- Use of Deinked Pulp increased to the level of 35%.

Future plan of Action (For both units) :

- Elimination of Acid Sizing in all 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 requirements.
- 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.

iii) Imported Technology:

Nil

iv) Expenditure incurred on Research & Development

₹ 0.52 crores

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.

		2017-18	2016-17
		(₹ crores)	
Earnings	:	**158.29**	126.10
Outgo	:	**187.97**	199.32

ANNEXURE - VI

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 of the Company for last three financial years.

₹ 81.75 crores

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

₹ 1.64 crores

5 Details of CSR spent during the financial year.

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

₹ 1.64 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	:	0.27
2	Expenses on running and maintenance of Rural Primary Health Centres	:	0.13
3	Supply of Paper and Tri-cycles to a School wholly devoted to physically challenged children and renovation of Special Children Training Centre	:	0.18
4	Contribution to Research Scheme with Department of Environment Sciences, Tamilnadu Agricultural University, Coimbatore	:	0.04
5	Supply of treated drinking water to nearby villages	:	0.92
6	Contribution to village functions, educational assistance to deserving students, medical assistance, medical camps, etc.	:	0.22
	Total	**:**	**1.76**

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

Not Applicable.

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

Responsibility Statement :

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

Sd/

(N Gopalaratnam)
Chairman of CSR Committee

ANNEXURE - VII

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

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

Sl No.	Description			
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Chairman Managing Director (MD) Deputy Managing Director & Secretary (DMD&S)	40:1 36:1 36:1	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	90% 89% 86%	Note-2
3	The percentage increase in the median remuneration of employees in the financial year		2%	Note-3
4	The number of permanent employees on the rolls of Company		1354	
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	4.94% 88%	
6	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes. Remuneration is as per the Remuneration Policy of the Company.		

Notes:

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

2 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 into 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 revised remuneration package is effective from April 01, 2017.

3 Previous year earnings are inclusive of arrears due to long term settlement. However, 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	₹ 196.83 lakhs	₹ 175.49 lakhs	₹ 175.37 lakhs
4	Nature of employment	Contractual	Contractual	Contractual
5	Qualification & experience	B.Sc., B.E.(Mech.) 46 years	B.Tech., MMA 40 Years	B.Com., A.C.A., A.C.S., CAIIB - 45 years
6	Date of commencement of employment	01 04 1988	13 03 1991	12 06 1980
7	Age of such employee	71	67	70
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.

For Board of Directors

Chennai
May 26, 2018

(N GOPALARATNAM)
Chairman

ANNEXURE - VIII

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

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

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

To

The Members
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, 2018 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 2018, according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 (‘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. Paper and Paper Board Cess Rules, 1981

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

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

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

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

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

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

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

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

(i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

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

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

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

We further report that:

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

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

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

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

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

FOR B.K. SUNDARAM & ASSOCIATES
Company Secretaries
Sd/-

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

Place : Tiruchirapalli
Date : 15 05 2018

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 2018 OF

M/s. SESHASAYEE PAPER AND BOARDS LIMITED

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

2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.

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

FOR B.K. SUNDARAM & ASSOCIATES
Company Secretaries
Sd/-

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

Place : Tiruchirapalli
Date : 15 05 2018

ANNEXURE - IX

FORM NO. AOC - 1

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

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

Part 'A': Subsidiary

1	Sl No.	:	1
2	Name of the Subsidiary	:	Esvi International (Engineers & Exporters) Limited
3	Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	:	31st March 2018
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	:	₹ 1.17 crores
7	Total Assets	:	₹ 2.65 crores
8	Total Liabilities	:	₹ 0.22 crore
9	Investments	:	₹ 0.08 crore
10	Turnover	:	₹ 0.37 crore
11	Profit before taxation	:	₹ 0.14 crore
12	Provision for taxation	:	₹ 0.07 crore
13	Profit after taxation	:	₹ 0.07 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	:	31st March 2018
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 its Associate.
5	Reason why the Associate is not consolidated	:	Not applicable
6	Net Worth attributable to Shareholding as per latest audited Balance Sheet	:	₹ 74.90 crores
7	Profit / Loss for the year	:	₹ 3.34 crores
	Considered in Consolidation	:	₹ 0.92 crore
	Not considered in Consolidation	:	₹ 2.42 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

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

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

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

K S KASI VISWANATHAN
Managing Director

Chennai
May 26, 2018

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 Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the Significant Accounting Policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, including other Comprehensive Income, cash flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS Financial

Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, and its Profit, total Comprehensive Income, its cash flows and the Changes in Equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening Balance Sheet as at 1st April 2016 included in these Standalone Ind AS Financial Statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by one of us whose report for the year ended 31st March 2017 and 31st March 2016, dated 30th May 2017 and 28th May 2016 respectively, expressed an unmodified opinion on those Standalone Financial Statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS which have been audited by us.

Our opinion on the Standalone Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that :

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the Directors as on 31st March 2018, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2018 from being appointed as a Director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal Financial Controls Over Financial Reporting.

g) 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, as amended, 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 Standalone Ind AS Financial Statements.

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

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

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 26, 2018

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, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control Over Financial Reporting criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls System Over Financial Reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

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

Inherent limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at March 31, 2018, based on the Internal Control Over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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 26, 2018

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 not granted loans to any party covered in the register maintained under Section 189 of the Companies Act, 2013.

(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 2018 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 2018 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	0.13	CESTAT	January - June 2007
- do -	- do -	0.21	- do -	February 2008 - December 2012
- do -	- do -	0.08	- do -	December 2005 - June 2007
- do -	- do -	0.41	- do -	April 2007 - March 2011
- do -	- do -	0.37	Commissioner Appeals	July 2007 to June 2017
- do -	- do -	0.02	Hon'ble High Court of Madras	07 12 2008
- do -	- do -	0.05	- do -	October - November 1996
Income Tax Act, 1961	TDS	0.06	Commissioner of Income Tax (Appeals)	2016-17
- do -	- do -	0.03	- do -	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 to 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

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Place : Chennai
Date : May 26, 2018

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

BALANCE SHEET AS AT 31st MARCH 2018

Particulars	Note No.	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
(A) ASSETS				
1 Non-current Assets				
(a) Property, Plant and Equipment	2	670.69	636.41	624.00
(b) Capital Work-in-Progress	2(A)	26.82	40.75	50.44
(c) Other Intangible Assets	2(B)	1.96	0.79	1.03
(d) Financial Assets				
(i) Investments	3	98.59	83.96	68.27
(ii) Loans	4	23.99	25.67	27.42
(e) Other Non-current Assets	5	3.35	9.44	3.10
Total Non-current Assets		825.40	797.02	774.26
2 Current Assets				
(a) Inventories	6	157.78	128.97	114.07
(b) Financial Assets				
(i) Trade Receivables	7	106.45	105.51	128.38
(ii) Cash and Cash Equivalents	8	24.83	18.26	9.62
(iii) Bank balances other than (ii) above	9	118.05	0.83	0.77
(iii) Loans	10	–	2.06	2.06
(iv) Others	11	0.81	5.64	0.78
(c) Current Tax Assets (Net)	12	0.63	1.94	16.51
(d) Other Current Assets	13	22.90	35.01	47.95
Total Current Assets		431.45	298.22	320.14
Total Assets		1256.85	1095.24	1094.40
(B) EQUITY AND LIABILITIES				
I EQUITY				
(a) Equity Share Capital	14	12.61	12.61	12.61
(b) Other Equity	15	688.95	569.38	436.53
Total Equity		701.56	581.99	449.14

BALANCE SHEET AS AT 31st MARCH 2018 (Contd.)

Particulars	Note No.	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
II LIABILITIES				
1 Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	91.80	116.84	157.05
(ii) Other Financial Liabilities	17	16.00	15.30	14.79
(b) Other Liabilities	18	4.39	5.48	–
(c) Provisions	19	16.55	10.78	9.99
(d) Deferred Tax Liabilities (net)	20	97.48	83.07	77.48
Total Non-current Liabilities		226.22	231.47	259.31
2 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	–	–	97.28
(ii) Trade Payables	22	236.44	188.06	186.21
(iii) Other Financial Liabilities	23	76.05	71.72	82.03
(b) Other Current Liabilities	24	9.91	12.73	11.95
(c) Provisions	25	5.95	9.27	8.48
(d) Current Tax Liabilities	26	0.72	–	–
Total Current Liabilities		329.07	281.78	385.95
Total Equity and Liabilities		1256.85	1095.24	1094.40

See Accompanying Notes to the Standalone Financial Statements

Vide our report of date attached

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

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing
Director & Secretary

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

K S KASI VISWANATHAN
Managing Director

Chennai
May 26, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018

	Particulars	Note No.	Year ended 31-03-0218 ₹ crores	₹ crores	Year ended 31-03-2017 ₹ crores	₹ crores
I	**Revenue from Operations**					
	Revenue from sale of products (including Excise Duty)	27A	1097.87		1149.31	
	Other Operating Revenues	27B	19.92		17.36	
II	**Other Income**	28	9.40		8.14	
III	**Total Income (I + II)**			1127.19		1174.81
IV	**Expenses:**					
	Cost of Materials Consumed	29	561.40		559.79	
	Purchase of Stock-in-Trade	30	29.20		40.30	
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	31	1.99		-2.24	
	Excise Duty		13.14		59.08	
	Employee Benefits Expense	32	68.36		69.72	
	Finance Cost	33	14.30		23.20	
	Depreciation and Amortisation Expenses	34	31.94		30.62	
	Other Expenses	35	236.51		226.36	
	Total Expenses (IV)			956.84		1006.83
V	**Profit before Exceptional Items and Tax (III - IV)**			170.35		167.98
VI	**Exceptional Items**	45		4.84		–
VII	**Profit / (Loss) Before Tax (V + VI)**			175.19		167.98
VIII	**Tax Expenses**	36				
	(1) Current Tax		36.02		35.90	
	(2) Deferred Tax		16.28		4.04	
				52.30		39.94
IX	**Profit / (Loss) for the period from Continuing Operations (VII - VIII)**			122.89		128.04

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018 (Contd.)

	Particulars	Note No.	Year ended 31-03-0218		Year ended 31-03-2017	
			₹ crores	₹ crores	₹ crores	₹ crores
IX	**Profit / (Loss) for the period from Continuing Operations (VII - VIII)**			122.89		128.04
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		-4.25		-1.96	
	(ii) Income Tax expense on remeasurement benefit of the Defined Benefit Plans		1.47		0.68	
	(iii) Net Fair Value gain on investment in Equity Instruments through OCI		14.64		13.68	
				11.86		12.40
	B Items that will be reclassified to Statement of Profit and Loss			–		–
	Total Other Comprehensive Income (A + B)			11.86		**12.40**
XI	**Total Comprehensive Income for the period (Comprising Profit/ (Loss) and Other Comprehensive Income for the Period) (IX + X)**			134.75		**140.44**
XII	**Earnings per Equity Shares** (face value of ₹ 10 each)	**43**				
	(1) Basic			97.43		101.51
	(2) Diluted			97.43		101.51

See Accompanying Notes to the 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	R V GUPTA Dr NANDITHA KRISHNA Dr S NARAYAN 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 26, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2018

A) EQUITY SHARE CAPITAL

₹ crores

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Balance at the beginning of the reporting year	12.61	12.61	12.61
Changes in Equity Share Capital during the year	–	–	–
Balance at the end of the reporting year	12.61	12.61	12.61

B) OTHER EQUITY

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Total
Balance as at April 01, 2016 (A)	**37.16**	**3.60**	**335.00**	**30.11**	**30.66**	**436.53**
Additions during the year						
Profit for the year	–	–	–	128.04	–	**128.04**
Items of OCI for the year (net of taxes)						
Remeasurement of Defined Benefit Plans	–	–	–	-1.28	–	**-1.28**
Net Fair Value Gain on Investment in Equity Instruments through OCI	–	–	–	–	13.68	**13.68**
Total Comprehensive Income for the Year 2016-17 (B)	**–**	**–**	**–**	**126.76**	**13.68**	**140.44**
Reductions during the year						
Dividend	–	–	–	6.31	–	**6.31**
Income Tax on Dividend	–	–	–	1.28	–	**1.28**
Transfer to General Reserve	–	–	-65.00	65.00	–	**–**
Total (C)	**–**	**–**	**-65.00**	**72.59**	**–**	**7.59**
Balance as at March 31, 2017 (D) = (A+B-C)	**37.16**	**3.60**	**400.00**	**84.28**	**44.34**	**569.38**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2018 (Contd.)

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Total
Balance as at March 31, 2017 (D) = (A+B-C)	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 (E)	–	–	–	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 (F)	–	–	-100.00	115.18	–	15.18
Balance as at March 31, 2018 (G) = (D+E-F)	37.16	3.60	500.00	89.21	58.98	688.95

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

R V GUPTA
Dr NANDITHA KRISHNA
Dr S NARAYAN
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 26, 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1 NOTES TO THE 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 Limited and BSE Limited.

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 2 10 000 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 read with the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March 2017, the Company prepared its financial statements in accordance with the requirements of previous Indian Generally Accepted Accounting Principles (IGAAP) that includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 01.04.2016. Please refer Note No. 1.21 and Note No. 40(5) for the details of exceptions and optional exemptions availed by the company and principal adjustments along with related reconciliations.

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 if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. 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.

1.4 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 its 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 PPE recognised as of April 1, 2016 (transition date) measured as per the previous IGAAP as its 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 Cost (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 asset is ready for its 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

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

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

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

The useful lives are based on technical estimates, which in the opinion of the Management are realistic and fair approximation over the period over which assets are likely to be used.

1.5 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.

1.6 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 or loss.

1.7 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 Statement of Profit and Loss.

1.8 Revenue Recognition

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

(a) Sale of products

Revenue from sale of products is recognised when the Company transfers all significant risks and rewards of ownership to the buyer, and retains neither continuing managerial involvement nor effective control over the products sold and the amount of revenue can be measured reliably and recovery of the consideration is probable.

(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) Insurance Claims

Insurance claims are recognised on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(d) Renewable Energy Certificates

Income from Renewable Energy Certificates entitlement is recognised on sale.

1.9 Ind AS 115 - Revenue from Contracts with Customers

The standard is notified on 28.03.2018 and it is applicable for the accounting periods commencing on or after 01.04.2018. Accordingly, this Standard is not applicable for preparation of the financial statements for the year ended 31.03.2018. However, application of this standard from 01.04.2018 does not have any impact in the revenue recognition and measurement for the Company.

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). 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 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

Contribution to Provident Fund (Defined Contribution Plan) as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is recognised as expense in the Statement of Profit and Loss and remitted to the Provident Fund Commissioner. The contribution to Superannuation Fund (Defined Contribution Plan) is recognised as expense and funded with Life Insurance Corporation of India.

(ii) Defined Benefit Plans

The Company operates the Defined Benefit Gratuity Plan for employees. The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each 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.

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 entire liability towards gratuity 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 Balance Sheet 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 profit or loss are recognised immediately in Statement of 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 marketplace.

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 Equity Instruments as 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 are 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.

Dividends on these investments in equity instruments are recognised in the Statement of Profit and Loss when the Company's right to receive same is established, it is probable that the economic benefits associated with the dividend will flow to the company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(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 receivable, Company applies 'simplified approach' which requires expected life time losses to be recognised from initial recognition of the receivables.

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, a financial liability (or a part of a financial liability) is derecognised when the obligation specified in the contract is discharged or cancelled or expires

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

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 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 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 Profit or 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 First-time adoption – Mandatory Exceptions, Optional Exemptions

(a) Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying

Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

(b) Materiality

The company has applied the Standards only to items / transactions which are material.

(c) Classification of Debt Instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(d) Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(e) Deemed Cost for Property, Plant and Equipment

The Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as of April 1, 2016 (transition date) measured as per the previous IGAAP and use that carrying value as its deemed cost as of the transition date.

(f) Government Grants

The Company has applied the requirement of Ind AS 109 - Financial Instruments and Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance' prospectively to the interest-free sales tax loan existing at the date of transition and has used the previous GAAP carrying amount of the loan at the date of transition and has applied Ind AS 109 to the measurement of such loan after the date of transition to Ind AS.

(g) Business Combinations

The Company elected not to apply 'Ind AS 103 - Business Combinations' retrospectively for past business combinations.

1.22 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 and items that are never taxable or deductible 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 Act, 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 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.

1.23 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.

1.24 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.

1.25 Segment Reporting

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

1.26 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 Judgements

1.1 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.

1.2 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 18, 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.

2 PROPERTY, PLANT AND EQUIPMENT

₹ crores

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 EQUIPMENTS	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**

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
LAND	4.17	–	–	4.17	–	–	–	–	4.17	4.17
BUILDINGS										
- FREE HOLD	93.07	0.83	–	93.90	–	4.03	–	4.03	89.87	93.07
- LEASEHOLD	0.14	–	–	0.14	–	–	–	–	0.14	0.14
PLANT AND EQUIPMENT	522.78	41.34	0.04	564.08	–	25.50	–	25.50	538.58	522.78
FURNITURE AND FIXTURES	1.69	0.06	–	1.75	–	0.10	–	0.10	1.65	1.69
VEHICLES	1.28	0.36	0.03	1.61	–	0.28	–	0.28	1.33	1.28
OFFICE EQUIPMENTS	0.87	0.26	0.02	1.11	–	0.44	–	0.44	0.67	0.87
	624.00	**42.85**	**0.09**	**666.76**	**–**	**30.35**	**–**	**30.35**	**636.41**	**624.00**

2(A) CAPITAL WORK-IN-PROGRESS

₹ crores

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
CAPITAL WORK IN PROGRESS									26.82	40.75
									26.82	**40.75**

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
CAPITAL WORK IN PROGRESS									40.75	50.44
									40.75	**50.44**

2(B) OTHER INTANGIBLE ASSETS

Description	Gross carrying Amount				Amortisation				Net Carrying Amount	
	As at 01-04-2017	Additions during the year	Deletions / Adjustments	As at 31-03-2018	As at 01-04-2017	Additions during the year	Deletions / Adjustments	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	0.10
TECHNICAL KNOW-HOW	0.95	0.46	–	1.41	0.26	0.30	–	0.56	0.85	0.69
	1.06	**1.51**	**–**	**2.57**	0.27	**0.34**	**–**	**0.61**	**1.96**	**0.79**

Description	Gross carrying Amount				Amortisation				Net Carrying Amount	
	As at 01-04-2016	Additions during the year	Deletions / Adjustments	As at 31-03-2017	As at 01-04-2016	Additions during the year	Deletions / Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
COMPUTER SOFTWARE	0.08	0.03	–	0.11	–	0.01	–	0.01	0.10	0.08
TECHNICAL KNOW-HOW	0.95	0.00	–	0.95	–	0.26	–	0.26	0.69	0.95
	1.03	**0.03**	**–**	**1.06**	**–**	**0.27**	**–**	**0.27**	**0.79**	**1.03**

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 38(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 2018 was ₹ 4.98 crores. The Company has applied Capitalisation rate of 10.11% which is the effective rate of interest rate (EIR) of the Specific borrowings.

3 INVESTMENTS

₹ crores

	No of shares	Face Value	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
1. 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	19.60
(ii) Others					
Investments Measured at Fair Value through Other Comprehensive Income					
Housing Development Finance Corporation Limited	265830	2	48.53	39.93	29.39
HDFC Bank Limited	2500	2	0.47	0.36	0.27
IDBI Bank Limited	114080	10	0.82	0.86	0.79
High Energy Batteries (India) Limited	282911	10	11.61	5.98	3.96
Tamilnadu Newsprint and Papers Limited	100000	10	3.48	3.15	2.18
Total Quoted Equity Shares			84.51	69.88	56.19
b. UnQuoted Equity shares					
(i) Subsidiary (Measured at cost)					
Esvi Inernational (Engineers & Exporters) Limited	125000	100	14.03	12.03	12.03
Add: Purchase made during the year 100000 shares of ₹ 100 each			–	2.00	–
			14.03	14.03	12.03
(ii) Others					
Investments Measured at Fair Value through Other Comprehensive Income					
SPB Projects and Consultancy Limited	50000	10	0.05	0.05	0.05
Total UnQuoted Equity Shares			14.08	14.08	12.08
Total Investments In Equity Instruments			98.59	83.96	68.27
Aggregate amount of Quoted Investments- At Cost			25.52	25.52	25.52
Aggregate amount of Quoted Investments- At Market Value			98.66	99.42	86.65
Aggregate amount of UnQuoted Investments- At Cost			14.08	14.08	12.08

		As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
4	**LOANS**			
	(Non-current Financial Assets)			
	Unsecured considered good			
	a) Security Deposit	6.17	8.33	7.32
	b) Loan to Related Party			
	Due from SPB Equity Shares Trust	12.50	12.50	12.50
	c) Other Loans			
	Inter Corporate Loans	5.32	4.84	–
	Unsecured considered Doubtful			
	a) Other Loans			
	Inter Corporate Loans	7.60	7.60	7.60
	Less: Allowance for Doubtful debts	-7.60	-7.60	–
		23.99	25.67	27.42
5	**OTHER NON CURRENT ASSETS**			
	Capital Advances	1.35	7.44	1.10
	Energy Charges paid under Protest (Refer Note No. 38(a)(vi))	2.00	2.00	2.00
		3.35	9.44	3.10
6	**INVENTORIES**			
	Raw Materials	65.43	54.55	40.55
	Work- in- Progress	5.03	5.30	7.61
	Finished Goods	–	–	–
	Stock-in-Trade	4.03	5.76	1.21
	Stores, Spares, Chemicals and others	83.29	63.36	64.70
		157.78	128.97	114.07
	(For method of valuation, please refer to Note No. 1.10)			
	(Please refer Note No.21 for security created on Inventories)			
7	**TRADE RECEIVABLES**			
	a) Secured, Considered Good	30.10	20.42	20.19
	b) Unsecured, considered good	76.35	85.09	108.19
	c) Unsecured, Considered Doubtful	0.97	0.97	0.96
		107.42	106.48	129.34
	Less:			
	Allowance for bad and doubtful debts	0.97	0.97	0.96
		106.45	105.51	128.38

		As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
8	**CASH AND BANK BALANCES**			
	Cash and Cash Equivalents			
	Balances with banks	23.59	18.03	9.45
	Term deposits with original maturity of less than 3 months	0.99	–	–
	Cash on hand	0.25	0.23	0.17
		24.83	18.26	9.62
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 *	117.08	0.01	0.01
	Unpaid dividend accounts	0.97	0.82	0.76
		118.05	0.83	0.77
	* includes ₹ 0.01 crores (previous year ₹ 0.01 crores) given as Security Deposit with VAT Authorities.			
10	**CURRENT ASSETS- LOANS**			
	Unsecured Considered Doubtful			
	a) Loans to Others	1.01	2.06	2.06
	Less : Allowance for unsecured doubtful debts	-1.01	–	–
		0.00	2.06	2.06
11	**OTHER CURRENT FINANCIAL ASSETS**			
	Insurance claim receivable	0.19	0.05	0.48
	Others *	0.62	5.59	0.30
		0.81	5.64	0.78
	* includes fair value of derivatives			
12	**CURRENT TAX ASSET (NET)**			
	Income tax (Net of provisions)	0.63	1.94	16.51
		0.63	1.94	16.51

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
13 OTHER CURRENT ASSETS			
a) Advances / Claims Recoverable in cash or in kind	5.66	5.58	6.50
b) Balance with Government Authorities			
- Excise Authorities	–	17.49	29.18
- Service Tax and VAT receivable	–	4.25	3.21
- CENVAT Credit Receivable	–	2.04	2.20
- GST Receivable	10.35	–	–
c) Prepaid expenses	2.44	2.20	1.59
d) Advance to Employees	0.33	0.30	2.47
e) Export Incentive Receivable	2.49	1.46	0.74
f) Other receivable	1.63	1.69	2.06
	22.90	35.01	47.95
14 EQUITY SHARE CAPITAL			
Authorised			
4 00 00 000 - Equity Shares of ₹10 each	40.00	40.00	40.00
3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each	30.00	30.00	30.00
	70.00	70.00	70.00
Issued, Subscribed and Fully paid up:			
1 26 13 628 - Equity Shares of ₹ 10 each	12.61	12.61	12.61
	12.61	12.61	12.61

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

	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	No of Shares	₹ crores	No of Shares	₹ crores	No of Shares	₹ crores
At the beginning and end of the year	12613628	12.61	12613628	12.61	12613628	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 31-03-2018 No. of Shares	As at 31-03-2018 % of Share Holding	As at 31-03-2017 No. of Shares	As at 31-03-2017 % of Share Holding	As at 01-04-2016 No. of Shares	As at 01-04-2016 % of Share Holding
(a) Tamilnadu Industrial Investment Corporation Limited	1800000	14.27	1800000	14.27	1800000	14.27
(b) Ponni Sugars (Erode) Ltd	1768181	14.02	1768181	14.02	1768181	14.02
(c) Synergy Investments Pte Ltd	1547695	12.27	1547695	12.27	1547695	12.27
(d) Time Square Investments (P) Ltd	1257621	9.97	1257621	9.97	1357621	10.76
(e) Atyant Capital India Fund I	676628	5.36	676628	5.36	676628	5.36

15 OTHER EQUITY

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Total
Balance as at April 01, 2016 (A)	**37.16**	**3.60**	**335.00**	**30.11**	**30.66**	**436.53**
Additions during the year						
Profit for the year	–	–	–	128.04	–	**128.04**
Items of OCI for the year (net of taxes)						
Remeasurement of Defined Benefit Plans	–	–	–	-1.28	–	**-1.28**
Net Fair Value Gain on Investment in Equity Instruments through OCI	–	–	–	–	13.68	**13.68**
Total Comprehensive Income for the Year 2016-17 (B)	**–**	**–**	**–**	**126.76**	**13.68**	**140.44**
Reductions during the year						
Dividend	–	–	–	6.31	–	**6.31**
Income Tax on Dividend	–	–	–	1.28	–	**1.28**
Transfer to General Reserve	–	–	-65.00	65.00	–	**–**
Total (C)	**–**	**–**	**-65.00**	**72.59**	**–**	**7.59**
Balance as at March 31, 2017 (D) = (A+B-C)	**37.16**	**3.60**	**400.00**	**84.28**	**44.34**	**569.38**

15 OTHER EQUITY (Contd.)

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Total
Balance as at March 31, 2017 (D) = (A+B-C)	**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 (E)	–	–	–	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 (F)	–	–	-100.00	115.18	–	15.18
Balance as at March 31, 2018 (G) = (D+E-F)	37.16	3.60	500.00	89.21	58.98	688.95

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.

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As At 01-04-2016 ₹ crores
16 BORROWINGS			
(Non-current Financial Liabilities)			
Secured			
Unit : Erode			
Mill Development Plan II			
Phase I - Term Loan			
From Banks			
Syndicate bank	19.92	25.19	27.91
Canara Bank	12.79	9.65	4.90
Phase II - Term Loan			
From Banks			
Syndicate bank	5.82	–	–
Unit : Tirunelveli			
Term Loan			
From Banks			
Canara Bank	16.75	51.36	82.69
Mill Expansion Plan			
From Banks			
Canara Bank	25.89	17.70	19.80
Unsecured			
From others			
Interest Free Sales tax Loan	10.63	12.94	21.75
	91.80	116.84	157.05

UNIT - ERODE:

16 (i) Term loan from Banks including its current maturities (Refer Note No. 23) is secured by :

(a) Hypothecation of Mill Development Plan II - Phase I and Phase II assets at Unit : Erode

(b) Further to be secured by mortgage of immovable properties consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets) to the extent of ₹ 85.00 crores.

16 (ii) Terms of Repayment :

Mill Development Plan II - Phase I

(a) The Term loan of ₹ 40.00 crores from Syndicate Bank which carries interest rate of 10.5% is repayable in 66 equal monthly instalments of ₹ 0.61 crores Commencing from July 2016.

(b) The Term loan of ₹ 20.00 crores from Canara Bank which carries interest rate of 9.30% is repayable in 28 quarterly Instalments of ₹ 0.71 crores commencing from October 2016.

Mill Development Plan II - Phase II

(c) The Term loan of ₹ 40.00 crores from Syndicate Bank which carries interest rate of 9.75% is repayable in 24 quarterly instalments of ₹ 1.67 crores commencing from April 2019

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

Interest free 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 paid ₹ 28.91 crores up to 31.03.2018.

The Company has adopted previous GAAP 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 1st April 2016 is valued at fair value and the difference between gross outstanding and fair value of loan is 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).

UNIT - TIRUNELVELI :

16 (iv) Term loan from bank including its current maturities is secured by :

(a) a charge by way of mortgage of immovable properties of the Company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit - Tirunelveli and

(b) hypothecation of movables, including movable plant and machinery and book debts of Unit - Tirunelveli.

16 (v) Mill expansion Plan term loan including its current maturities is secured by :

(a) a charge, by way of mortgage of immovable properties of the Company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit - Tirunelveli and

(b) hypothecation of movables, including movable plant and machinery and book debts of Unit - Tirunelveli.

16 (vi) Terms of repayment :

(a) the term loan which carries interest rate of 9.40% is repayable in 24 quarterly instalments of ₹ 5.41 crores from January 2014 to October 2015, ₹ 7.57 crores from January 2016 to October 2017, ₹ 8.65 crores from January 2018 to April 2019 and the balance ₹ 8.10 crores will be paid in July 2019.

(b) Mill Expansion Plan loan of ₹ 60.00 crores (₹ 48.00 crores drawn and balance ₹ 12.00 crores surrendered) which carries interest rate of 9.40% is repayable in quartley instalments of ₹ 2.20 crores from December 2016 to December 2021 and the balance ₹ 1.80 crores will be paid in March 2022.

16 (vii) Default in Terms of Repayment of principal and Interest - NIL

		As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
17	OTHER NON-CURRENT FINANCIAL LIABILITIES	₹ crores	₹ crores	₹ crores
	Security deposits	16.00	15.30	14.79
		16.00	15.30	14.79

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
18 OTHER LIABILITIES			
(Non-current Liabilities)			
Deferred Income arising from Government grants (Refer Note No.1.12)	4.39	5.48	–
	4.39	5.48	–
19 PROVISIONS			
(Non-current Liabilities)			
a) Provision for Employee Benefits			
Provision for Leave Encashment and Retirement Fund	6.23	1.14	0.95
b) Others			
Provision for Generation Tax	10.32	9.64	9.04
	16.55	10.78	9.99

20 DEFERRED TAX LIABILITY (NET)

Particulars	As at 01-04-2017 ₹ crores	Recognised in Statement of P&L during 2017-18 ₹ crores	OCI 2017-18 ₹ crores	As at 31-03-2018 ₹ crores
As at 31-03-2018				
Deferred Tax Liabilities				
Difference between written down value / Capital Work in Progress of Fixed Assets as per the books of accounts and Income Tax 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 Interest Free Sale Tax 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
	83.07			97.48

20 DEFERRED TAX LIABILITY (NET) (Contd.)

As at 31-03-2017	As at 01-04-2016 ₹ crores	Recognised in Statement of P&L during 2016-17 ₹ crores	OCI 2016-17 ₹ crores	As at 31-03-2017 ₹ crores
Deferred Tax Liabilities				
Difference between written down value / Capital Work in Progress of Fixed Assets as per the books of accounts and Income Tax Act, 1961.	125.94	25.81	–	151.75
Deferred Tax Assets				
Expenses claimed for tax purpose on payment basis	-0.96	-7.24	–	-8.20
Difference in carrying value and tax base of Interest Free Loan measured at FVTPL		-0.27		-0.27
Remeasurement of Defined Benefit Plans	–	–	-0.68	-0.68
Deferred Tax Liability	124.98	18.30	-0.68	142.60
Tax Credit				
MAT Credit Entitlement	47.50	12.03	–	59.53
	77.48			83.07

21 BORROWINGS

	As at 31-03-2018	As at 31-03-2017	As At 01-04-2016
(Current Financial Liabilites)			
From Banks - Secured			
Working Capital Loans - Cash credit	–	–	97.28
	–	–	97.28

Unit - Erode

Secured by:

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit - Erode
- second charge, by way of mortgage of immovable properties of Unit-Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings excluding the assets created out of MDP II Phase I Project and exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets to the extent of ₹ 85.00 crores.

Period and amount of continuing default : Nil

Unit - Tirunelveli :

Secured by:

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit - Tirunelveli and
- second charge, on the fixed assets of Unit - Tirunelveli.

Period and amount of default : Nil

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As At 01-04-2016 ₹ crores
22 TRADE PAYABLES			
a) Total outstanding dues of Micro and Small and Medium Enterprise	0.47	0.55	0.58
b) Total Outstanding dues of creditors other than Micro and Small and Medium Enterprise	235.97	187.51	185.63
	236.44	188.06	186.21

22 (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.

22 (ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows

	2017-18	2016-17	2015-16
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year	0.47	0.55	0.58
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	Nil
iv) 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	Nil
v) Interest accrued and remaining unpaid at the end of each accounting year:	Nil	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	Nil

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As At 01-04-2016 ₹ crores
23 OTHER FINANCIAL LIABILITIES			
(Current Financial Liabilities)			
Current maturities of Long term borrowings (Refer Note No. 16)	53.53	50.27	39.64
Current maturities of Interest Free Sales Tax Loan (Refer Note No. 16 (iii))	3.88	3.61	6.89
Interest Accrued but not due	0.20	0.31	0.43
Unpaid Dividends	0.97	0.82	0.76
Others :			
- Payable for capital expenditure	2.45	1.01	0.37
- Security Deposit	2.07	2.00	1.87
- Retention monies	3.34	2.11	0.99
- Employees dues	9.61	8.38	31.08
- Fair valuation of derivatives	–	3.21	–
	76.05	71.72	82.03
24 OTHER CURRENT LIABILITIES			
Other liabilities:			
- Statutory Liabilities	8.81	11.63	11.95
Deferred Income arising from Government grants (Refer Note No.1.12)	1.10	1.10	–
	9.91	12.73	11.95
25 CURRENT PROVISIONS			
Provision for Employee Benefits	5.95	9.27	8.48
	5.95	9.27	8.48
26 CURRENT TAX LIABILITIES (NET)			
Income Tax (Net of Advance Tax)	0.72	–	–
	0.72	–	–

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2017 ₹ crores	Year ended 31-03-2017 ₹ crores
27 REVENUE FROM OPERATIONS				
A) REVENUE FROM SALE OF PRODUCTS (INCLUDING EXCISE DUTY)				
Paper and Paper Boards		1065.41		1111.95
Stock-in-Trade		32.46		37.36
		1097.87		1149.31
B) OTHER OPERATING INCOME				
Sale of Renewable Energy Certificates		9.72		7.44
Others		10.20		9.92
		19.92		17.36
28 OTHER INCOME				
Interest Income				
- On financial assets carried at Amortised Cost		4.51		4.78
Dividend Income from Equity Investments measured at fair value through OCI		0.57		0.61
Dividend Income from Equity Investments in Associate		0.59		0.28
Government Grant (Refer Note No. 1.12)		1.10		1.10
Other non-operating income		2.63		1.37
		9.40		8.14
29 COST OF MATERIALS CONSUMED				
Raw material				
i) Wood	211.33		248.43	
ii) Bagasse	16.30		13.52	
iii) Purchased Pulp	87.58		92.13	
iv) Waste Paper	40.02		11.67	
	355.23		365.75	
Feeding and other Charges	6.08		5.38	
		361.31		371.13
Process Chemicals		188.31		174.11
Packing Materials		11.78		14.55
		561.40		559.79

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2017 ₹ crores	Year ended 31-03-2017 ₹ crores
30 PURCHASE OF STOCK-IN-TRADE				
Notebook & Paper		6.12		15.71
Petroleum Products		23.08		24.59
		29.20		40.30
31 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS				
Opening stock				
- Finished goods	–		–	
- Work in progress	5.30		7.61	
- Stock-in-Trade	5.76		1.21	
		11.06		8.82
Closing stock				
- Finished goods	–		–	
- Work in progress	5.04		5.30	
- Stock-in-Trade	4.03		5.76	
		9.07		11.06
		1.99		-2.24
32 EMPLOYEE BENEFITS EXPENSE				
Salaries and wages		55.70		55.71
Contribution to Provident & other Funds (Refer Note 1.13)		6.64		7.40
Staff welfare Expenses		6.02		6.61
		68.36		69.72
33 FINANCE COSTS				
Interest on financial liabilities carried at amortised cost - Effective interest method				
- Interest on borrowings		10.17		18.79
- Interest on Interest Free Sales Tax Loan (Refer Note No. 1.12)		1.57		1.88
Interest on Security deposits measured at Amortised Cost		1.85		1.76
Other borrowing costs		0.71		0.77
		14.30		23.20

		Year ended 31-03-2018		Year ended 31-03-2017	
		₹ crores	₹ crores	₹ crores	₹ crores
34	**DEPRECIATION AND AMORTISATION EXPENSE**				
	Depreciation of Property, Plant and Equipment (Refer Note No.2)		31.59		30.35
	Amortisation of Intangible assets (Refer Note No.2(B))		0.35		0.27
			31.94		30.62
35	**OTHER EXPENSES**				
	Power and Fuel				
	(i) Purchased Power	26.81		19.87	
	(ii) Consumption of Fuel	113.15		96.77	
	(iii) Generation Tax	2.19		3.31	
			142.15		119.95
	Rent		1.06		1.39
	Repairs and Maintenance				
	- Buildings	5.40		4.32	
	- Plant & Machinery	34.92		29.43	
	- Others	1.55		1.33	
			41.87		35.08
	Insurance		2.53		2.26
	Rates and Taxes		1.07		1.45
	Selling and Distribution Expenses		25.77		38.93
	Net foreign exchange loss		0.21		0.28
	Allowance for doubtful debts		1.01		7.62
	Auditors' remuneration (Refer Note No.37 (a))		0.42		0.32
	Corporate Social Responsibility expenses (Refer Note No.37 (b))		1.76		0.78
	Miscellaneous		18.66		18.30
			236.51		226.36

36 TAX EXPENSE

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2017 ₹ crores
(A) 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	36.02	35.90
	36.02	35.90
Deferred Tax comprises:		
Deferred Tax Liability on account of depreciation	14.28	25.81
Disallowance of expenses Under Section 43B and other temporary difference	-1.12	-7.24
Deferred Tax Asset on account of Interest Free Sales Tax Loan	-0.16	-0.27
MAT Credit Entitlement	3.28	-14.26
	16.28	4.04
Total Tax Expense	52.30	39.94
(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	34.61%	34.61%
Profit Before Tax	175.19	167.98
Current tax expenses on profit before tax at the enacted income tax rate in India	60.63	58.13
Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income		
Tax on CSR activities	0.61	0.27
Tax on Dividend exempt	-0.68	-0.17
Tax on Deduction Under Section 80 IA	-14.81	-16.78
Tax on difference in Depreciation	-3.70	-3.73
Carry Over Loss adjusted	–	-16.19
Differential Tax on Income taxed at Special Rate		
(i) REC Credit	-2.23	-2.57
(ii) Capital Gain (LTCG)	-0.48	–
MAT Credit Entitlement	-3.28	14.26
Other Differences	-0.04	2.68
	-24.61	-22.23
Current Tax for the Year	36.02	35.90
Effective rate of tax	20.56%	21.37%

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2017 ₹ crores
37 (a) PAYMENT TO AUDITORS (EXCLUDING GST)		
Statutory Audit fees	0.20	0.18
Taxation Matters	0.10	0.07
Certification work	0.09	0.06
Reimbursement of expenses	0.03	0.01
	0.42	0.32
37 (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	1.64	0.78
b) Amount spent during the year		
i. Construction / Acquisition of any assets	0.32	0.21
ii. Purpose other than (i) above	1.45	0.57
	1.77	0.78
38 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	5.71	4.32
(ii) Differential duty on Coal imported and consequent levies 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.	15.48	14.66
(iv) Interest on Generation Tax contested.	–	7.19
(v) Income Tax demand contested.	–	0.13
(vi) Demand towards energy charges as per TNERC order contested in writ petition before Hon'ble High Court of Madras.	4.63	4.63
(vi) Other - Demand contested.	0.18	0.27
(vii) Guarantees	–	0.07
b. Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	4.37	14.38

39(A) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

₹ crores

Particulars	Refer Note	Non Current As on 31-03-2018	Non Current As on 31-03-2017	Non Current As on 01-04-2016	Current As on 31-03-2018	Current As on 31-03-2017	Current As on 01-04-2016
Financial Assets measured at Fair Value through Profit and Loss (FVTPL)		–	–	–	–	–	–
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)							
Investments in quoted equity shares *	3(A)(a)	84.51	69.88	56.19	–	–	–
Investments in unquoted equity shares	3(A)(b)	14.08	14.08	12.08	–	–	–
Financial Assets measured at amortised cost							
Loans	4 / 10	23.99	25.67	27.42	–	2.06	2.06
Trade Receivables	7	–	–	–	106.45	105.51	128.38
Cash and Cash Equivalents	8	–	–	–	24.83	18.26	9.62
Bank balances other than Cash and Cash Equivalents	9	–	–	–	118.05	0.83	0.77
Other current Financial Assets	11	–	–	–	0.81	5.64	0.78
Financial Liabilities measured at Fair Value through Profit and Loss		–	–	–	–	–	–
Financial Liabilities measured at amortised cost							
Term Loan from Banks	16 / 23	81.17	103.90	135.30	53.53	50.27	39.64
Interest Free Sales Tax Loan	16 / 23	10.63	12.94	21.75	3.88	3.61	6.89
Other Financial Liabilities	17	16.00	15.30	14.79	–	–	–
Loans repayable on demand - Cash Credit	21	–	–	–	–	–	97.28
Trade Payables	22	–	–	–	236.44	188.06	186.21
Other Financial Liabilities	23	–	–	–			
Interest accrued but not due on borrowings		–	–	–	0.20	0.31	0.43
Unpaid / Unclaimed Dividend		–	–	–	0.97	0.82	0.76
Payable towards capital expenditure		–	–	–	2.45	1.01	0.37
Security Deposit		–	–	–	2.07	2.00	1.87
Retention monies		–	–	–	3.34	2.11	0.99
Employees dues		–	–	–	9.61	8.38	31.08
Fair valuation of derivatives					–	3.21	–

* 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.

39(B) FAIR VALUE MEASUREMENTS

₹ crores

	Fair value	Fair value hierarchy Quoted price in active markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)
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	**84.51**	**84.51**		
Investments in unquoted equity shares	**0.05**			**0.05**
As at 31st March 2017				
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	69.88	69.88		
Investments in unquoted equity shares	0.05			0.05
As at 1st April 2016				
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	56.19	56.19		
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 counterparties.

39(C) OBJECTIVES AND POLICIES - FINANCIAL RISK MANAGEMENT

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.

39(C) OBJECTIVES AND POLICIES - FINANCIAL RISK MANAGEMENT (Contd.)

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 summarises 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 and 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 1 to 1.3% (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:

	31-03-2018	31-03-2017
	₹ crores	₹ crores
Variable rate borrowings	135.14	154.42
Fixed rate borrowings	–	–
	135.14	154.42

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

Rupee Term Loan

	31-03-2018	31-03-2017
(i) Weighted average interest rate (%)	9.63	10.52
(ii) Balance (₹ crores)	135.14	154.42
(iii) % of total loan	100	100

Interest Rate Senstivity 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 Profir before tax	
	31-03-2018	31-03-2017
	₹ crores	₹ crores
Interest rates - increase by 50 basis points	-0.68	-0.77
Interest rates - decrease by 50 basis points	0.68	0.77

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

The increase / decrease in interest expense is mainly 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 conservative 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)

In respect of exports of paper, exports are made against advances received or against confirmed LCs of usance period not exceeding 30 days. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

(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 Indentor is analysed individually for creditworthiness. Each indentor places security deposit based on the quotes allocated to him. Though the invoices are raised on the individual customer, the Indentor 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 Indentor. 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 realising 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:

	31-03-2018 ₹ crores	31-03-2017 ₹ crores
Expiring within one year	239.00	282.00
Expiring beyond one year	–	–
	239.00	282.00

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

39(D) CAPITAL MANAGEMENT

The Company adheres to a cautious capital management that seeks to trigger growth creation and maximisation 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:

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
Equity	701.56	581.99	449.14
Debt	149.22	170.72	300.86
Cash and cash equivalents	141.91	18.26	9.63
Net Debt	7.31	152.46	291.23
Total Capital (Equity + Net Debt)	708.87	734.45	740.36
Net Debt to Capital Ratio (No. of times)	0.01	0.21	0.39

39(E) DIVIDEND

Dividend on equity shares paid during the year	12.61	6.31	5.05
Dividend distribution tax	2.57	1.28	1.03
	15.18	7.59	6.08

Proposed Dividend

The Board of Directors at its meeting held on 26th May 2018 have recommended a payment of dividend of ₹ 15 per equity share of face value of ₹ 10 each for the financial year ended 31st March 2018. The same amounts to ₹ 22.81 crores including Dividend distribution tax of ₹ 3.89 crores.

40(1) FIRST TIME ADOPTION OF IND AS

Effect of Ind AS adoption on the Balance Sheet as at 1st April 2016 (₹ crores)

	Foot notes	Previous GAAP 01-04-2016	Effect of transition to Ind AS	Ind AS as on 01-04-2016
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment		624.01	-0.01	624.00
(b) Capital work-in-progress		50.44	–	50.44
(c) Other Intangible assets		1.02	0.01	1.03
(d) Financial Assets				
(i) Investments	40(5)(b)	37.61	30.66	68.27
(ii) Loans and advances		24.18	3.24	27.42
(iii) Others		0.01	-0.01	–
(e) Other non-current assets		3.10	–	3.10
		740.37	**33.89**	**774.26**
(2) Current assets				
(a) Inventories		114.07	–	114.07
(b) Financial Assets				
(i) Trade receivables	40(5)(d)	129.25	-0.87	128.38
(ii) Cash and Cash Equivalents		9.62	–	9.62
(iii) Bank Balances other than (ii)above		0.76	0.01	0.77
(iv) Loans and Advances		1.00	1.06	2.06
(v) Others		5.08	-4.30	0.78
(c) Current Tax Assets (Net)		16.51	–	16.51
(d) Other current assets		47.95	–	47.95
		324.24	**-4.10**	**320.14**
Total Assets		**1064.61**	**29.79**	**1094.40**
EQUITY AND LIABILITIES				
I EQUITY				
(a) Equity Share Capital		12.61	–	12.61
(b) Other Equity		408.37	28.16	436.53
		420.98	**28.16**	**449.14**
II LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	40(5)(e)	157.44	-0.39	157.05
(ii) Other Financial Liabilities		14.79	–	14.79
(b) Provisions		9.99	–	9.99
(c) Deferred tax liabilities (Net)	40(5)(i)	67.87	9.61	77.48
		250.09	**9.22**	**259.31**
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings		97.28	–	97.28
(ii) Trade payables		186.21	–	186.21
(iii) Other financial liabilities		82.03	–	82.03
(b) Other current liabilities		11.95	–	11.95
(c) Provisions	40(5)(c)	16.07	-7.59	8.48
		393.54	**-7.59**	**385.95**
Total Equity and Liabilities		**1064.61**	**29.79**	**1094.40**

40(2) FIRST TIME ADOPTION OF IND AS

Effect of Ind AS adoption on the Balance Sheet as at 31st March 2017 (₹ crores)

	Foot notes	Previous GAAP 31-03-2017	Effect of transition to Ind AS	Ind AS as on 31-03-2017
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment		636.34	0.07	636.41
(b) Capital work-in-progress		40.72	0.03	40.75
(c) Other Intangible assets		0.78	0.01	0.79
(d) Financial Assets				
(i) Investments	40(5)(b)	39.62	44.34	83.96
(ii) Loans and advances	40(5)(d)	20.33	5.34	25.67
(iii) Others		0.01	-0.01	–
(e) Other non-current assets		9.44	–	9.44
		747.24	**49.78**	**797.02**
(2) Current assets				
(a) Inventories		128.97	–	128.97
(b) Financial Assets				
(i) Trade receivables		106.39	-0.88	105.51
(ii) Cash and Cash Equivalents	40(5)(d)	18.26	–	18.26
(iii) Bank balances other than (ii) above		0.82	0.01	0.83
(iii) Loans and Advances	40(5)(d)	5.40	-3.34	2.06
(iv) Others	40(5)(d)	10.24	-4.60	5.64
(c) Current Tax Assets (Net)		1.94	–	1.94
(d) Other current assets		35.41	-0.40	35.01
		307.43	**-9.21**	**298.22**
Total Assets		**1054.67**	**40.57**	**1095.24**
EQUITY AND LIABILITIES				
I EQUITY				
(a) Equity Share Capital		12.61	–	12.61
(b) Other Equity		537.21	32.17	569.38
		549.82	**32.17**	**581.99**
II LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	40(5)(f)	122.88	-6.04	116.84
(ii) Other Financial Liabilities		15.30	–	15.30
(b) Other non-current liabilities	40(5)(f)	–	5.48	5.48
(c) Provisions		10.78	–	10.78
(d) Deferred tax liabilities (Net)	40(5)(i)	74.91	8.16	83.07
		223.87	**7.60**	**231.47**
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings		–	–	–
(ii) Trade payables		192.07	-4.01	188.06
(iii) Other financial liabilities	40(5)(j)	68.01	3.71	71.72
(b) Other current liabilities	40(5)(f)	11.63	1.10	12.73
(c) Provisions		9.27	–	9.27
		280.98	**0.80**	**281.78**
Total Equity and Liabilities		**1054.67**	**40.57**	**1095.24**

40(3) FIRST TIME ADOPTION OF IND AS

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2017

(₹ crores)

	Particulars	Foot notes	Previous GAAP	Effect of transition to Ind AS	Ind AS as on 31-03-2017
I	Revenue from Operations				
	Revenue from sale of products (including Excise Duty)	40(5)(g)	1117.69	31.62	1149.31
	Other Operating Revenues	40(5)(g)	17.10	0.26	17.36
II	Other Income	40(5)(f)	7.04	1.10	8.14
III	**Total Income**		**1141.83**	**32.98**	**1174.81**
IV	Expenses:				
	Cost of Materials Consumed	40(5)(j)	560.44	-0.65	559.79
	Purchase of Stock-in-Trade		40.30	–	40.30
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		-2.24	–	-2.24
	Excise duty	40(5)(g)	–	59.08	59.08
	Employee Benefits Expense	40(5)(h)	71.68	-1.96	69.72
	Finance Cost	40(5)(e)	21.56	1.64	23.20
	Depreciation and Amortisation Expenses		30.62	–	30.62
	Other Expenses	40(5)(g)/(d)	249.91	-23.55	226.36
	Total Expenses		**972.27**	**34.56**	**1006.83**
V	Profit before Exceptional items and tax		169.56	-1.58	167.98
VI	Exceptional Items		–	–	–
VII	**Profit Before Tax**		169.56	-1.58	167.98
VIII	Tax Expenses				
	(1) Current Tax		21.64	14.26	35.90
	(2) Deferred Tax		19.07	-15.03	4.04
IX	**Profit/(Loss) for the period**		**128.85**	**-0.81**	**128.04**
X	Other Comprehensive Income*				
	A Items that will not be reclassified to Statement of Profit and Loss				
	(i) Remeasurement benefit of the Defined Benefit Plans		–	-1.96	-1.96
	(ii) Income tax expense on remeasurement benefit of the Defined Benefit Plans		–	0.68	0.68
	(iii) Net fair value gain on investment in equity instruments through OCI		–	13.68	13.68
	B Items that will be reclassified to Statement of Profit and Loss				
	(i) Net fair value gain on investment in debt instruments through OCI		–	–	–
	(ii) Income tax benefit on net fair value gain on investment in debt instruments through OCI				
	Total Other Comprehensive Income (A+B)		–	12.40	12.40
XI	Total Comprehensive income for the period (Comprising Profit / (loss) and Other Comprehensive Income for the Period)		**128.85**	**11.59**	**140.44**

* Under the previous GAAP, there was no concept of Other Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other Comprehensive Income.

40(4) FIRST TIME ADOPTION OF IND AS

(₹ crores)

A. Reconciliation of Total Comprehensive Income for the year ended 31st March 2017.

Nature of Adjustment	Foot notes	For the year ended 31-03-2017
Net Profit as per previous GAAP		128.85
Actuarial gain on employee Defined Benefit Obligation	40(5)(h)	1.96
Impact of Fair valuation of Financial Assets	40(5)(d)	-2.62
Impact of Fair Valuation of Interest Free Sales Tax Loan	40(5)(f)	1.10
Impact of effective Interest rate on borrowings	40(5)(e)	-1.92
Other Ind AS Adjustments	40(5)(g)	-0.75
Deferred taxes	40(5)(i)	0.77
Gain on Fair Value of forward Exchange Contracts	40(5)(j)	0.65
Increase in depreciation on application of effective interest rate on capitalisation of Interest on borrowings	40(5)(e)	–
Net Profit as per Ind AS		128.04
Other Comprehensive Income (Net of Tax)		12.40
Total Comprehensive Income as per Ind AS		140.44

B. Reconciliation of Equity as on 31st March 2017 and 1st April 2016.

Nature of Adjustment	Foot notes	As at 31-03-2017	As at 01-04-2016
Equity as per Previous GAAP (i)		549.82	420.98
Effect of measuring Non Current Investments at Fair Value	40(5)(b)	44.34	30.66
Adjustment for proposed dividend	40(5)(c)	–	7.59
Impact of Fair Valuation of Interest Free Sales Tax Loan	40(5)(d)	1.10	–
Impairment provision	40(5)(d)	-3.48	-0.87
Impact of effective Interest rate on borrowings	40(5)(e)/(f)	-1.53	0.39
Other Ind AS Adjustments	40(5)(g)	-0.75	–
Gain on Fair Value of forward Exchange Contracts	40(5)(i)/(j)	0.65	–
Increase in depreciation on application of effective interest rate on capitalisation of Interest on borrowings.		–	–
Deferred tax remeasurement on balance sheet approach	40(5)(i)	-9.77	-9.77
Deferred taxes	40(5)(i)	1.61	0.16
Total effect of transition to Ind AS (ii)		32.17	28.16
Equity as per Ind AS (i)+(ii)		581.99	449.14

C. Effect of Ind AS adoption on the Statement of Cash Flow for the year ended 31st March 2017.

	Previous GAAP	Effect of transition to Ind As	Ind AS
Net cash flows from operating activities	200.65	0.28	200.93
Net cash flows from investing activities	-38.20	0.10	-38.10
Net cash flows from financing activities	-153.75	-0.38	-154.13
Net increase in cash and cash equivalents	8.70	–	8.70
Cash and cash equivalents at the beginning of the year	10.39	–	10.39
Cash and cash equivalents at the end of the year	19.09	–	19.09

40(5) FIRST TIME ADOPTION OF IND AS

For all periods up to and including the year ended 31st March 2017, the Company had prepared its financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). This note explains the principal adjustments made by the Company in restating its financial statements prepared under previous GAAP for the following:

a) Balance Sheet as at 1st April 2016 (Transition date);

b) Balance Sheet as at 31st March 2017 ;

c) Statement of Profit and Loss for the year ended 31st March 2017; and

d) Statement of Cash flows for the year ended 31st March 2017.

(a) Exemptions availed:

Ind As 101 First –time adoption of Indian Accounting Standards, allows first-time adopters, exemptions from the retrospective application and exemption from application of certain requirements of other Ind AS. The Company has availed the following exemption as per Ind AS 101:

1) The Company has elected to consider the carrying value of all its items of Property, Plant and Equipment and intangible assets recognised in the financial statements prepared under previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.

2) The carrying amounts of the Company's investments in its Subsidiary and Associate companies as per the financial statements of the Company prepared under previous GAAP, are considered as deemed cost for measuring such investments in the opening Ind AS Balance Sheet.

3) The Company has applied the requirement of Ind AS 109 - Financial Instruments and Ind AS 20 - Accounting for Government Grants and disclosure of Government assistance prospectively to the Interest Free Sales Tax Loan existing at the date of transition and has used the previous GAAP carrying amount of the loan at the date of transition and has applied Ind AS - 109 to the measurement of such loan after the date of transition to Ind AS.

4) Business Combinations:

The Company elected not to apply 'Ind AS 103 - Business Combinations' retrospectively for past business combinations.

(b) Non-Current Investments:

In the financial statements prepared under previous GAAP, Non-current Investments of the Company were measured at cost less provision for diminution. Under Ind AS, the Company has recognised such investments as follows :

- Equity shares - At FVTOCI through an irrevocable option

Ind AS requires the investments to be recognised at fair value except investments in equity shares of Subsidiary and Associate companies, for which option is available as per Ind AS - 27 to account for cost or in accordance with Ind AS - 109. (Fair Value)

On the date of transition to Ind AS, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under previous GAAP, has resulted in an increase in the carrying amount of these investments by ₹ 30.66 crores which has been recognised as Effect of Measuring Investments at fair value under Other Comprehensive Income (OCI).

As at 31st March 2017, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amounts as per financial statements prepared under previous GAAP, has resulted in an increase in the carrying amount of these investments by ₹ 44.34 crores which has been recognised in OCI.

The above transition has resulted increase in equity by ₹ 30.66 crores as at the date of transition to Ind AS and by ₹ 13.68 crores as at 31st March 2017.

(c) Proposed Dividend

In the financial statements prepared under previous GAAP, dividend on equity shares recommended by the Board of Directors after the end of reporting period but before the financial statements were approved for issue, was recognised as a liability in the financial statements in the reporting period relating to which dividend was proposed. Under Ind AS, such dividend is recognised in the reporting period in which the same is approved by the members in a general meeting.

On the date of transition, the above change in accounting treatment of proposed dividend has resulted in increase in Equity with a corresponding decrease in provisions by ₹ 7.59 crores.

(d) Fair Valuation for Financial Assets:

The Company has valued financial assets - Trade Receivables / Loans, at fair value as mandated by Ind AS 109 - Financial Instruments. Impact of fair value changes as on the date of transition amounting to ₹ 0.87 crore is recognised in opening reserves and changes thereafter is recognised in Statement of Profit and Loss amounting to ₹ 2.62 crores.

(e) Borrowings - EIR working

In the financial statements prepared under previous GAAP processing charges paid for borrowings is debited to CWIP / Finance Cost. However under Ind AS, processing charges are debited to loan account and Effective Rate of Interest is applied. Net Impact on processing charges as on the date of transition is ₹ 0.39 crores. The same is recognised in opening reserves and changes thereafter amounting to ₹ 0.04 crores are recognised in Statement of Profit and Loss, Fixed Assets / CWIP, as the case may be.

(f) Interest free Sales Tax loan:

In the financial statements prepared under previous GAAP, the carrying value of Interest Free Sales Tax Loan was recognised at the principal amounts payable by the borrower. Under Ind AS, Government Grant borrowing being a financial liability is required to be recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The difference between the carrying value of ₹ 28.64 crores and the fair value of ₹ 20.95 crores amounting to ₹ 7.68 crores is recognised as deferred income and disclosed under Other Liabilities.

The Company has applied Ind AS 109 to Interest Free Sales Tax Loan after the date of transition to Ind AS 101.

As a consequence Other Income has increased by ₹ 1.10 crores due to reversal of deferred income for the year ended 31st March 2017, and Interest and Finance charges increased by ₹ 1.88 crores charging interest on borrowing using the effective interest method.

The above changes resulted in decrease in profit by ₹ 0.78 crores and increase in Deferred Tax Asset as at 31st March 2017 by ₹ 0.27 crores.

(g) Revenue from sale of products:

In the financial statements prepared under previous GAAP, revenue from sale of products was presented net of Excise Duty. However, under Ind AS, revenue from sale of products includes Excise Duty. Excise Duty expense amounting to ₹ 59.08 crores is presented separately on the face of the Statement of Profit and Loss for the year ended 31st March 2017.

In the financial statements prepared under previous GAAP, cash discount, trade discount and export commission were shown as a part of Other Expenses. However, under Ind AS, such expenses amounting to ₹ 26.45 crores for the year ended 31st March 2017, have been reduced from revenue from sale of Products.

In the financial statements prepared under previous GAAP, cash discount for the month of March sales is accounted based on actual realisation date. However, in Ind AS, cash discount of ₹ 0.75 crores is reduced from sales based on past estimates.

(h) Actuarial gains and losses:

Under previous GAAP, actuarial gains and loss were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset and is recognised in Other Comprehensive Income. Consequently, the tax effect of the same has also been recognised in the Other Comprehensive Income under Ins AS instead of profit and loss. The actuarial gain for the year ended March 31, 2017 was ₹ 1.96 crores and the tax effect thereon was ₹ 0.68 crores. This change does not affect total equity, but there is an increase in profit before tax of ₹ 1.96 crores, and in total profit of ₹ 1.28 crores for the year ended March 31, 2017.

(i) Deferred Tax:

In the financial statements prepared under previous GAAP, Deferred Tax was accounted as per the Income approach, which required creation of deferred tax asset / liability on timing differences between taxable profit and accounting profits. Under Ind AS, Deferred Tax is accounted as per Balance Sheet approach, which requires creation of deferred tax asset / liability on temporary differences between the carrying amount of an asset / liability in the Balance Sheet and its corresponding tax base.

The application of Ind AS has resulted in recognition of Deferred Tax on new temporary differences which were not required to be recognised under previous GAAP. In addition, the above mentioned transitional adjustments have also led to temporary differences and creation of Deferred Tax thereon.

The above changes have resulted in creation of Deferred tax liabilities amounting to ₹ 9.77 crores as at date of transition to Ind AS.

(j) Fair value of Forward Exchange Contract :

In previous GAAP, the exchange difference on forward contracts not intended for speculation were recognised on the reporting period in which the exchange rate changes. Under Ind AS such forward contract are treated as hedging instruments and the fair value gain of ₹ 0.65 crores is recognised in the statement of profit and Loss.

(k) Effect of Ind AS adoption on Statement of Cash Flow for the year ended 31st March 2017.

In the financial statements prepared under previous GAAP, interest received was grouped under financing activity. However, the same is now grouped under Investment activity in line with Ind AS.

41 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.

42 Information on Related Party Transactions as required by Ind AS 24 - Related Party Disclosure for the year ended 31st March 2018.

A) Subsidiary : (where control exists)

Direct Subsidiary

Name of the Company	% of Holding as at 31-03-2018	% of Holding as at 31-03-2017	% of Holding as at 01-04-2016
- Esvi International (Engineers & Exporters) Limited (ESVIN)	100.00	100.00	100.00
B) Associate :			
- Ponni Sugars(Erode) Limited (PEL)	27.45	27.45	27.45

C) Key Managerrial 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 Md. Nasimuddin, I A S
- Dr Nanditha Krishna
- Dr 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 Company Private Limited (UIL)

E) Transaction details

	Transaction amount ₹ crores 2017-18	2016-17	Amount outstanding on 31-03-2018
a) Esvi International (Engineers & Exporters) Limited			Assets : Investments in:
- Investment made	–	2.00	0.01 crores Equity Shares (100%)
(b) Ponni Sugars (Erode) Limited :			Assets : Investments in:
- Purchase of Bagasse	15.79	11.54	0.24 crores Equity Shares (27.45%)
- Purchase of Sugar	0.08	0.08	
- Sale of fuel	6.51	9.38	Liabilities :
- Sale of Paper, Water	0.06	0.06	0.18 crores Equity Shares (14.02%)
- Dividend paid	1.77	0.88	
- Dividend received	0.59	0.28	Payable :
- Other transactions (Net Debit)	0.41	0.58	₹ 5.21 crores
(c) Dhanashree Investments Private Limited			Liabilities :
- Rent and Amenity charges	0.04	0.04	0.06 crores Equity Shares (4.68%)
- Dividend paid	0.59	0.30	
(d) Ultra Investments and Leasing Company Private Limited			Liabilities :
- Dividend paid	0.19	0.09	0.02 crores Equity Shares (1.47%)
(e) Time Square Investments Private Limited			Liabilities :
- Dividend paid	1.26	0.68	0.13 crores Equity Shares (10.76%)
(f) SPB Projects and Consultancy Limited			Assets :
- Reimbursement of expenses	–	0.01	Investments in:
- Engineering and Technical Services	–	0.88	0.01 crores EquityShares (16.67%)
- Dividend paid	–	–	
			Liabilities :
			0.00 crores Equity Shares (0.02%)

E) Transaction details (Contd.) :

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

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
Current Year 2017-18	₹ crores	₹ crores	₹ crores
Short term employee benefits	**1.60**	**1.44**	**1.44**
Post Employee benefits (gratuity) & Long term benefits (Superannuation Fund)	**0.21**	**0.18**	**0.18**
Contribution to Provident Fund	**0.10**	**0.08**	**0.08**
	1.91	**1.70**	**1.70**
Previous Year 2016-17			
Short term employee benefits	0.84	0.76	0.77
Post Employee benefits (Gratuity) & Long term benefits (Superannuation Fund)	0.09	0.07	0.07
Contribution to Provident Fund	0.05	0.04	0.04
	0.98	0.87	0.88

(h) Sitting fees and Commission to Directors

	2017-18 ₹ crores	2016-17 ₹ crores
Sitting fees	**0.14**	0.13
Commission*	**0.48**	0.19
	0.62	0.32

*Current year Commission includes the arrears of commission relating to financial year 2016-17 paid during the year.

43 EARNINGS PER SHARE

	Year ended 31-03-2018	Year ended 31-03-2018
Profit after tax (₹ crores)	**122.89**	128.04
Weighted average Number of Shares	**12613628**	12613628
Basic earnings per share (₹)	**97.43**	101.51
Diluted earnings per Share (₹)	**97.43**	101.51

44 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 ₹ 4.39 crores (Year ended March 31, 2017 ₹ 5.10 crores) for Provident Fund contributions and ₹ 0.32 crores (Year ended March 31, 2017 ₹ 0.17 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 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 Retirement Benefit Scheme 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 relating 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.

44 EMPLOYEE BENEFITS (Contd.)

	Post employment benefit			
	Gratuity (Funded plan)		Retirement benefit Scheme (Non Funded plan)	
	31-03-2018 ₹ crores	31-03-2017 ₹ crores	31-03-2018 ₹ crores	31-03-2017 ₹ crores
(i) Changes in Defined Benefit Obligations				
Present Value - opening balance	26.50	25.71	1.48	1.31
Current Service Cost	1.52	1.20	0.08	0.07
Interest Cost	1.95	2.12	0.09	0.09
Actuarial (Gain) / Loss	4.29	1.61	-0.04	0.35
Benefits paid	-4.20	-4.14	-0.41	-0.34
Present value - closing balance	30.06	26.50	1.20	1.48
(ii) Changes in the Fair Value of Plan Assets				
Opening Balance	26.50	25.59	–	–
Expected Return	2.10	1.93	–	–
Actuarial (Gain) / Loss	–	–	–	–
Contributions by employer	3.68	3.12	0.41	0.34
Benefits paid	-4.20	-4.14	-0.41	-0.34
Closing Balance	28.08	26.50	–	–
Actual return	2.11	1.93	–	–
(iii) Amounts recognised in the Balance Sheet (as at year end)				
Present Value of Obligations	30.06	26.50	1.20	1.48
Fair Value of Plan Assets	28.08	26.50	–	–
Net Asset / (Liability) recognised	1.98	–	-1.20	-1.48
(iv) Expenses recognised in the statement of Profit and Loss.				
Current Service Cost	1.52	1.19	0.09	0.07
Interest on obligation	-0.15	2.12	0.08	0.09
Total included in Employee benefit expense	1.37	3.31	0.17	0.16

44 EMPLOYEE BENEFITS (Contd.)

	Post employment benefit			
	Gratuity (Funded plan)		Retirement benefit Scheme (Non Funded plan)	
	31-03-2018 ₹ crores	31-03-2017 ₹ crores	31-03-2018 ₹ crores	31-03-2017 ₹ crores
(v) Expenses recognised in Other Comprehensive Income				
Remeasurement on the net defined benefit liability				
- Actuarial Gain and Losses arising from changes in financial Assumption	-4.29	-1.61	0.04	-0.35
- Actuarial Gain and Losses arising from changes in experience adjustment	–	–	–	–
Return on plan assets	–	–	–	–
Net cost in Other Comprehensive Income	-4.29	-1.61	0.04	-0.35
Asset information				
- Insurer managed	100%	100%	NA	NA
Principal actuarial assumptions				
Discount rate (%)	7.44	8	7.44	6.80
Future Salary increase (%)	8	8	NA	NA
Expected Rate of Return of plan assets (%)	7.44	8	NA	NA
Expected average remaining working lives of employees (years)	6.4	7	NA	NA
Expected contribution (₹ in crores)	5.00	4.00	NA	NA

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 is 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.

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:

₹ crores

Particulars	31-03-2018	31-03-2017
Discount Rate		
- 0.5% increase	29.39	24.43
- 0.5% decrease	30.75	27.64

₹ crores

Particulars	31-03-2018	31-03-2017
Salary Growth Rate		
- 0.5% increase	30.80	27.66
- 0.5% decrease	29.35	25.41
Attrition Rate		
- 0.5% increase	30.04	26.52
- 0.5% decrease	30.07	26.46

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 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 ₹ 5.00 crores (previous year 2017 ₹ 4.00 crores).

45 EXCEPTIONAL ITEMS

Exceptional item represents compensation received pursuant to interim award passed by Tamil Nadu State Government for acquisition of Land belonging to the Company including structures for construction of Railway over bridge.

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at their meeting held on 26th May 2018.

Vide our report of date attached

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

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing
Director & Secretary

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

K S KASI VISWANATHAN
Managing Director

Chennai
May 26, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2018 ₹ crores	Year ended 30-03-2017 ₹ crores	Year ended 30-03-2017 ₹ crores
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		175.19		167.98
Adjustments for:				
Add:				
Assets discarded	0.11		0.03	
Depreciation	31.94		30.62	
Allowance for Doubtful debts	1.01		7.62	
Interest on Interest Free Sales Tax Loan	1.57		1.88	
Interest and financing charges	12.73		21.32	
		47.36		61.47
		222.55		229.45
Less:				
Income from Investments	1.16		0.89	
Remeasurement of Defined Benefit Plan	4.25		1.96	
Deferred income arising from Government Grant	1.10		1.10	
Profit / Loss on sale of assets	0.58		0.31	
		7.09		4.26
Operating profit before working capital changes		215.46		225.19
Increase / decrease in working capital:				
Increase / decrease in Inventories	-28.81		-14.90	
Increase / decrease in Sundry Debtors	-0.94		22.85	
Increase / decrease in Other Current Assets	25.71		0.26	
Increase / decrease in Liabilities and Provisions	49.62		-13.92	
Income tax paid		45.58		-5.71
		-34.39		-19.11
Net cash from operating activities		226.65		200.37
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment		-54.44		-33.19
Purchase of Investments		–		-2.00
Value of discarded assets		-0.11		-0.03
Sale of Property, Plant and Equipment		1.57		0.40
Income from Investments		1.16		0.89
Income from Inter Corporate Deposit		0.05		0.03
Inter Corporate Deposit		–		-4.40
Net cash used in investing activities		-51.77		-38.30

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018 (Contd.)

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2018 ₹ crores	Year ended 30-03-2017 ₹ crores	Year ended 30-03-2017 ₹ crores
C CASH FLOW FROM FINANCING ACTIVITIES				
Increase / decrease in Unsecured Loans		-3.61		-6.29
Increase / decrease of non-current borrowings		-19.28		-20.91
Increase / decrease in Working Capital Borrowings		–		-97.28
Dividend and Dividend tax paid		-15.18		-7.59
Interest and financing charges paid		-13.02		-21.30
Net cash used for financing activities		-51.09		-153.37
Net increase in cash and cash equivalents (I)		123.79		8.70
Cash and cash equivalents as at 31-03-2017 (II)		19.09		10.39
Cash and cash equivalents as at 31-03-2018 (I+II)		142.88		19.09

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

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

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing
Director & Secretary

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

K S KASI VISWANATHAN
Managing Director

Chennai
May 26, 2018

Consolidated Financial Statements for the year ended 31st March 2018

MAHARAJ N R SURESH AND CO.
CHARTERED ACCOUNTANTS

R SUBRAMANIAN & COMPANY LLP
CHARTERED ACCOUNTANTS

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

Report on the Consolidated Ind AS Financial Statements

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, comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) the Statement of Consolidated Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as 'the Consolidated Ind AS Financial Statements').

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance including Other Comprehensive Income, and Consolidated Cash Flows and Statement of Changes in Equity of the Group, including its Associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified ('Ind AS') under Section 133 of the Act, read with relevant Rules made thereunder.

The respective Board of Directors of the companies included in the Group and of its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its Associate for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit.

In conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers Internal Financial Control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the Accounting Policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other Auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

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 Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of the affairs of the Group, its Associate as at March 31, 2018, and their consolidated profit, Consolidate Total Comprehensive Income, their Consolidated cash flows and Consolidated statement of change in Equity for the year ended on that date.

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 ₹ 2.65 crores as at March 31, 2018, total revenues of ₹ 0.43 crore and net cash out flow amounting to ₹ 0.10 crore for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements, have been audited by one of us.

(b) The Consolidated Financial Statements include the Company's share of Net Profit of ₹ 1.47 crores for the year ended March 31, 2018 as considered in the consolidated Ind AS 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 Ind AS 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 3 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 2017 and the transition date opening Balance Sheet as at 1st April 2016 included in these Consolidated Ind AS Financial Statements, are based on the previously issued Consolidated Financial Statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by one of us and two other firms whose report for the year ended 31st March 2017 and 31st March 2016 dated 30th May 2017 and 28th May 2016 respectively, expressed an unmodified opinion on those Consolidated Financial Statements have been restated to comply with Ind AS. Adjustments made to the said Consolidated financial information prepared in accordance with Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Consolidated Ind AS 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the Reports of the other Auditors on the separate financial statement of Associate company incorporated in India referred in the other matter paragraph above, we report, to the extent applicable, that :

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.

   b) In our opinion, proper books of account, as required by law, relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the Reports of the other Auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Change in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

   d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules made thereunder.

   e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2018 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 incorporated in India is disqualified as on March 31, 2018 from being appointed as a Director in terms of sub-section 2 of Section 164 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' 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 Holding Company / Subsidiary, Associate Company incorporated in India, and Internal

Financial Control Over Financial Reporting.

g) With respect to the Other Matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, and Associate Refer to Note 38 to the Consolidated Ind AS Financial Statements;

   ii. The Group and its Associates 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 26, 2018

'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 Ind AS Financial Statements of the Company as of and for the year ended March 31, 2018, 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 respective Board of Directors of the Holding 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 deemed to be 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.

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 Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's Internal Financial Control Over Financial Reporting includes those policies and procedures that 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the company; 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of Internal Financial Controls Over Financial Reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls Over Financial Reporting to future periods are subject to the risk that the Internal Financial Control Over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its Subsidiary and its Associate incorporated in India have maintained, in all material respects, an adequate Internal Financial Controls System Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at March 31, 2018, based on the Internal Control Over Financial Reporting criteria established by the Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by 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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. S200041

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

Place : Chennai
Date : May 26, 2018

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2018

Particulars	Note No.	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
(A) ASSETS				
1 Non-current Assets				
(a) Property, Plant and Equipment	2	670.69	636.41	624.00
(b) Capital Work-in-Progress	2(A)	26.82	40.75	50.44
(c) Other Intangible Assets	2(B)	1.96	0.79	1.03
(d) Investment Property	2(C)	1.14	1.18	1.24
(e) Financial Assets				
(i) Investments	3	108.38	92.87	74.79
(ii) Loans	4	23.99	25.67	27.42
(f) Goodwill on Consolidation		11.78	11.78	11.78
(g) Other Non-current Assets	5	3.35	9.44	3.10
Total Non-current Assets		848.11	818.89	793.80
2 Current Assets				
(a) Inventories	6	157.78	128.97	114.07
(b) Financial Assets				
(i) Trade Receivables	7	106.86	105.71	128.46
(ii) Cash and Cash Equivalents	8	24.93	18.51	9.64
(iii) Bank balances other than (ii) above	9	118.88	1.60	0.77
(iii) Loans	10	–	2.06	2.06
(iv) Others	11	0.88	5.71	0.84
(c) Current Tax Assets (Net)	12	0.65	1.95	16.52
(d) Other Current Assets	13	22.90	35.01	47.95
Total Current Assets		432.88	299.52	320.31
Total Assets		1280.99	1118.41	1114.11
(B) EQUITY AND LIABILITIES				
I EQUITY				
(a) Equity Share Capital	14	12.61	12.61	12.61
(b) Other Equity	15	712.86	592.34	454.94
Total Equity		725.47	604.95	467.55

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2018 (Contd.)

Particulars	Note No.	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
II LIABILITIES				
1 Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	91.80	116.84	157.05
(ii) Other Financial Liabilities	17	16.00	15.30	14.79
(b) Other Liabilities	18	4.39	5.48	–
(c) Provisions	19	16.55	10.78	9.99
(d) Deferred Tax Liabilities (net)	20	97.48	83.07	77.48
Total Non-current Liabilities		226.22	231.47	259.31
2 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	–	–	97.28
(ii) Trade Payables	22	236.46	188.06	186.23
(iii) Other Financial Liabilities	23	76.26	71.93	83.31
(b) Other Current Liabilities	24	9.91	12.73	11.95
(c) Provisions	25	5.95	9.27	8.48
(d) Current Tax Liabilities	26	0.72	–	–
Total Current Liabilities		329.30	281.99	387.25
Total Equity and Liabilities		1280.99	1118.41	1114.11

See Accompanying Notes to the Standalone Financial Statements

Vide our report of date attached

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

N R Suresh
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A L SOMAYAJI
V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 26, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018

	Particulars	Note No.	Year ended 31-03-0218		Year ended 31-03-2017	
			₹ crores	₹ crores	₹ crores	₹ crores
I	**Revenue from Operations**					
	Revenue from sale of products (including Excise Duty)	**27A**	1098.25		1149.69	
	Other Operating Revenues	**27B**	19.92		17.36	
II	**Other Income**	**28**	8.86		7.89	
III	**Total Income (I + II)**			1127.03		1174.94
IV	**Expenses:**					
	Cost of Materials Consumed	**29**	561.40		559.79	
	Purchase of Stock-in-Trade	**30**	29.20		40.30	
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	**31**	1.99		-2.24	
	Excise Duty		13.14		59.08	
	Employee Benefits Expense	**32**	68.36		69.72	
	Finance Cost	**33**	14.30		23.22	
	Depreciation and Amortisation Expenses	**34**	31.99		30.68	
	Other Expenses	**35**	236.75		226.46	
	Total Expenses (IV)			957.13		1007.01
V	**Profit before Exceptional Items and Tax (III - IV)**			169.90		167.93
VI	**Exceptional Items**	**45**		4.84		–
VII	**Profit / (Loss) Before Tax (V + VI)**			174.74		167.93
VIII	**Share of Profits / (Loss) of Associate**			0.92		4.39
IX	**Tax Expenses**	**36**				
	(1) Current Tax		36.09		35.98	
	(2) Deferred Tax		16.28		4.04	
				52.37		40.02
X	**Profit / (Loss) for the period from Continuing Operations (VII + VIII - IX)**			123.29		**132.30**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018 (Contd.)

	Particulars	Note No.	Year ended 31-03-0218 ₹ crores	Year ended 31-03-0218 ₹ crores	Year ended 31-03-2017 ₹ crores	Year ended 31-03-2017 ₹ crores
X	**Profit / (Loss) for the period from Continuing Operations (VII + VIII - IX)**			123.29		132.30
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		-4.25		-1.96	
	(ii) Income Tax expense on remeasurement benefit of the Defined Benefit Plans		1.47		0.68	
	(iii) Net Fair Value gain on investment in Equity Instruments through OCI		14.64		13.68	
	(iv) Share of OCI in associate		0.55		0.29	
	B Items that will be reclassified to Statement of Profit and loss					
	Total Other Comprehensive Income (a + b)			12.41		12.69
XII	**Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the Period) (X + XI)**			135.70		144.99
XIII	**Earnings per Equity Shares** (face value of ₹ 10 each)	**43**				
	(1) Basic			97.74		104.89
	(2) Diluted			97.74		104.89

See Accompanying Notes to the Financial Statements

Vide our report of date attached

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V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 26, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2018

A) EQUITY SHARE CAPITAL

₹ crores

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Balance at the beginning of the reporting year	12.61	12.61	12.61
Changes in Equity Share Capital during the year	–	–	–
Balance at the end of the reporting year	12.61	12.61	12.61

B) OTHER EQUITY

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Total
Balance as at April 01, 2016 (A)	**37.16**	**3.60**	**335.04**	**48.48**	**30.66**	**454.94**
Additions during the year						
Profit for the year	–	–	–	132.30	–	**132.30**
Items of OCI for the year (net of taxes)						
Remeasurement of Defined Benefit Plans	–	–	–	-1.28	–	**-1.28**
Net Fair Value Gain on Investment in Equity Instruments through OCI	–	–	–	–	13.68	**13.68**
Share of Profits from Associate	–	–	–	0.29	–	**0.29**
Total Comprehensive Income for the Year 2016-17 (B)	**–**	**–**	**–**	**131.31**	**13.68**	**144.99**
Reductions during the year						
Dividend	–	–	–	6.31	–	**6.31**
Income Tax on Dividend	–	–	–	1.28	–	**1.28**
Transfer to General Reserve	–	–	-65.00	65.00	–	**–**
Total (C)	**–**	**–**	**-65.00**	**72.59**	**–**	**7.59**
Balance as at March 31, 2017 (D) = (A+B-C)	**37.16**	**3.60**	**400.04**	**107.20**	**44.34**	**592.34**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2018 (Contd.)

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Total
Balance as at March 31, 2017 (D) = (A+B-C)	**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 (E)	–	–	–	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 (F)	–	–	-100.00	115.18	–	15.18
Balance as at March 31, 2018 (G) = (D+E-F)	37.16	3.60	500.04	113.08	58.98	712.86

Vide our report of date attached

MAHARAJ N R SURESH AND CO.,
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A L SOMAYAJI
V SRIDAR
Directors

K S KASI VISWANATHAN
Managing Director

Chennai
May 26, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Limited and BSE Limited.

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 2 10 000 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 read with the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March 2017, the Company prepared its financial statements in accordance with the requirements of previous Indian Generally Accepted Accounting Principles (IGAAP) that includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 01.04.2016. Please refer Notes 1.21 and 40 for the details of exceptions and optional exemptions availed by the company and principal adjustments along with related reconciliations.

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 if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. 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.

1.4 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 its 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 PPE recognised as of April 1, 2016 (transition date) measured as per the previous IGAAP as its 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 Cost (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 asset is ready for its 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

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets. 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) Investment Property is Property held to earn rentals or for capital appreciation or both. The Company's Subsidiary is holding (Land & Building) Investment Property which is measured initially at its purchase cost and directly attributable expenditure. Investment Property is stated at cost less depreciation.

(vii) 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, 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.

(viii) 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	5

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

The useful lives are based on technical estimates, which in the opinion of the Management are realistic and fair approximation over the period over which assets are likely to be used.

1.5 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.

1.6 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 or loss.

1.7 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 Statement of Profit and Loss.

1.8 Revenue Recognition

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

(a) Sale of products

Revenue from sale of products is recognized when the Company transfers all significant risks and rewards of ownership to the buyer, and retains neither continuing managerial involvement nor effective control over the products sold and the amount of revenue can be measured reliably and recovery of the consideration is probable.

(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) Insurance Claims

Insurance claims are recognised on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(d) Renewable Energy Certificates

Income from Renewable Energy Certificates entitlement is recognised on sale.

1.9 Ind AS 115 - Revenue from Contracts with Customers

The standard is notified on 28.03.2018 and it is applicable for the accounting periods commencing on or after 01.04.2018. Accordingly, this Standard is not applicable for preparation of the financial statements for the year ended 31.03.2018. However, application of this standard from 01.04.2018 does not have any impact in the revenue recognition and measurement for the Company.

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). 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 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

Contribution to Provident Fund (Defined Contribution Plan) as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is recognised as expense in the Statement of Profit and Loss and remitted to the Provident Fund Commissioner. The contribution to Superannuation Fund (Defined Contribution Plan) is recognised as expense and funded with Life Insurance Corporation of India.

(ii) Defined Benefit Plans

The Company operates the Defined Benefit Gratuity Plan for employees. The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each 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.

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 entire liability towards gratuity 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 Balance Sheet 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 profit or loss are recognised immediately in Statement of 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 marketplace.

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 Equity Instruments as 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 are 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.

Dividends on these investments in equity instruments are recognised in the Statement of Profit and Loss when the Company's right to receive same is established, it is probable that the economic benefits associated with the dividend will flow to the company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(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 receivable, Company applies 'simplified approach' which requires expected life time losses to be recognised from initial recognition of the receivables.

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, a financial liability (or a part of a financial liability) is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

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 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 profit or 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.

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 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 Profit or 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 First-time adoption – Mandatory Exceptions, Optional Exemptions

(a) Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below.

(b) Materiality

The company has applied the Standards only to items / transactions which are material.

(c) Classification of Debt Instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(d) Impairment of Financial Assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(e) Deemed Cost for Property, Plant and Equipment

The Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as of April 1, 2016 (transition date) measured as per the previous IGAAP and use that carrying value as its deemed cost as of the transition date.

(f) Government Grants

The Company has applied the requirement of Ind AS 109 - Financial Instruments and Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance' prospectively to the interest-free sales tax loan existing at the date of transition and has used the previous GAAP carrying amount of the loan at the date of transition and has applied Ind AS 109 to the measurement of such loan after the date of transition to Ind AS.

(g) Business Combinations

The Company elected not to apply 'Ind AS 103 - Business Combinations' retrospectively for past business combinations.

1.22 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 and items that are never taxable or deductible 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 Act, 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 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.

1.23 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.

1.24 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.

1.25 Segment Reporting

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

1.26 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 Judgements

1.1 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.

1.2 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 18, 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.

2 PROPERTY, PLANT AND EQUIPMENT

₹ crores

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 EQUIPMENTS	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**

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
LAND	4.17	–	–	4.17	–	–	–	–	4.17	4.17
BUILDINGS										
- FREE HOLD	93.07	0.83	–	93.90	–	4.03	–	4.03	89.87	93.07
- LEASEHOLD	0.14	–	–	0.14	–	–	–	–	0.14	0.14
PLANT AND EQUIPMENT	522.78	41.34	0.04	564.08	–	25.50	–	25.50	538.58	522.78
FURNITURE AND FIXTURES	1.69	0.06	–	1.75	–	0.10	–	0.10	1.65	1.69
VEHICLES	1.28	0.36	0.03	1.61	–	0.28	–	0.28	1.33	1.28
OFFICE EQUIPMENTS	0.87	0.26	0.02	1.11	–	0.44	–	0.44	0.67	0.87
	624.00	**42.85**	**0.09**	**666.76**	**–**	**30.35**	**–**	**30.35**	**636.41**	**624.00**

2(A) CAPITAL WORK-IN-PROGRESS

₹ crores

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
CAPITAL WORK IN PROGRESS									26.82	40.75
									26.82	**40.75**

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
CAPITAL WORK IN PROGRESS									40.75	50.44
									40.75	**50.44**

2(B) OTHER INTANGIBLE ASSETS

Description	Gross carrying Amount				Amortisation				Net Carrying Amount	
	As at 01-04-2017	Additions during the year	Deletions / Adjustments	As at 31-03-2018	As at 01-04-2017	Additions during the year	Deletions / Adjustments	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	0.10
TECHNICAL KNOW-HOW	0.95	0.46	–	1.41	0.26	0.30	–	0.56	0.85	0.69
	1.06	**1.51**	**–**	**2.57**	**0.27**	**0.34**	**–**	**0.61**	**1.96**	**0.79**

Description	Gross carrying Amount				Amortisation				Net Carrying Amount	
	As at 01-04-2016	Additions during the year	Deletions / Adjustments	As at 31-03-2017	As at 01-04-2016	Additions during the year	Deletions / Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
COMPUTER SOFTWARE	0.08	0.03	–	0.11	–	0.01	–	0.01	0.10	0.08
TECHNICAL KNOW-HOW	0.95	–	–	0.95	–	0.26	–	0.26	0.69	0.95
	1.03	**0.03**	**–**	**1.06**	**–**	**0.27**	**–**	**0.27**	**0.79**	**1.03**

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 38(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 2018 was ₹ 4.98 crores. The Company has applied Capitalisation rate of 10.11% which is the effective rate of interest rate (EIR) of the Specific borrowings.

2(C) INVESTMENT PROPERTY

₹ crores

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**

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 01-04-2016	Additions during the year	Deductions / Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
LAND	0.05	–	–	0.05	–	–	–	–	0.05	0.05
BUILDINGS	1.03	–	–	1.03	–	0.02	–	0.02	1.01	1.03
PLANT AND EQUIPMENT	0.13	–	–	0.13	–	0.02	–	0.02	0.11	0.13
FURNITURE AND FIXTURES	0.03	–	–	0.03	–	0.02	–	0.02	0.01	0.03
	1.24	–	–	**1.24**	**–**	**0.06**	**–**	**0.06**	**1.18**	**1.24**

Fair value as on 31-03-2018 is ₹ 36.31 crores

3 INVESTMENTS

	No of shares	Face Value	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
1. Non Current Investments					
A. Investments in Equity Instruments					
a. Quoted Equity Shares					
(i) Associate (Measured at cost)					
Ponni Sugars (Erode) Limited	2365062	10	37.40	33.31	33.60
Add : Goodwill			4.49	4.49	4.49
Add : Share of Profit			1.47	4.68	–
Carrying amount of Investment			43.36	42.48	38.09
(ii) Others					
Investments Measured at Fair Value through Other Comprehensive Income					
Housing Development Finance Corporation Limited	265830	2	48.53	39.93	29.39
HDFC Bank Limited	2500	2	0.47	0.36	0.27
IDBI Bank Limited	114080	10	0.82	0.86	0.79
High Energy Batteries (India) Limited	282911	10	11.61	5.98	3.96
Tamilnadu Newsprint and Papers Limited	100000	10	3.48	3.15	2.18
Total Quoted Equity Shares			108.27	92.76	74.68
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	0.05
Time Square Investments Private Limited	55000	10	0.06	0.06	0.06
Total UnQuoted Equity Shares			0.11	0.11	0.11
Total Investments In Equity Instruments			108.38	92.87	74.79
Aggregate amount of Quoted Investments - At Cost			25.53	25.53	25.53
Aggregate amount of Quoted Investments - At Market Value			98.73	99.52	86.76
Aggregate amount of UnQuoted Investments - At Cost			0.11	0.11	0.11

		As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
4	**LOANS**			
	(Non-Current Financial Assets)			
	Unsecured considered good			
	a) Security Deposit	6.17	8.33	7.32
	b) Loan to Related Party			
	Due from SPB Equity Shares Trust	12.50	12.50	12.50
	c) Other Loans			
	Inter Corporate Loans	5.32	4.84	–
	Unsecured considered Doubtful			
	a) Other Loans			
	Inter Corporate Loans	7.60	7.60	7.60
	Less: Allowance for Doubtful debts	-7.60	-7.60	–
		23.99	25.67	27.42
5	**OTHER NON CURRENT ASSETS**			
	Capital Advances	1.35	7.44	1.10
	Energy Charges paid under Protest (Refer Note No. 38(a)(vi))	2.00	2.00	2.00
		3.35	9.44	3.10
6	**INVENTORIES**			
	Raw Materials	65.43	54.55	40.55
	Work- in- Progress	5.03	5.30	7.61
	Finished Goods	–	–	–
	Stock-in-Trade	4.03	5.76	1.21
	Stores, Spares, Chemicals and others	83.29	63.36	64.70
		157.78	128.97	114.07
	(For method of valuation, please refer to Note No. 1.10)			
	(Please refer Note No.21 for security created on Inventories)			
7	**TRADE RECEIVABLES**			
	a) Secured, Considered Good	30.10	20.42	20.19
	b) Unsecured, considered good	76.76	85.29	108.27
	c) Unsecured, Considered Doubtful	0.97	0.97	0.96
		107.83	106.68	129.42
	Less : Allowance for bad and doubtful debts	0.97	0.97	0.96
		106.86	105.71	128.46

		As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
8	**CASH AND BANK BALANCES**			
	Cash and Cash Equivalents			
	Balances with banks	23.69	18.28	9.47
	Term deposits with original maturity of less than 3 months	0.99	–	–
	Cash on hand	0.25	0.23	0.17
		24.93	18.51	9.64
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 *	117.91	0.78	0.01
	Unpaid dividend accounts	0.97	0.82	0.76
		118.88	1.60	0.77
	* includes ₹ 0.01 crores (previous year ₹ 0.01 crores) given as Security Deposit with VAT Authorities.			
10	**CURRENT ASSETS- LOANS**			
	Unsecured Considered Doubtful			
	a) Loans to Others	1.01	2.06	2.06
	Less : Allowance for unsecured doubtful debts	-1.01	–	–
		–	2.06	2.06
11	**OTHER CURRENT FINANCIAL ASSETS**			
	Insurance claim receivable	0.19	0.05	0.48
	Others *	0.62	5.59	0.30
	Security Deposits	0.07	0.07	0.06
		0.88	5.71	0.84
	* includes fair value of derivatives			
12	**CURRENT TAX ASSET (NET)**			
	Income Tax (Net of provisions)	0.65	1.95	16.52
		0.65	1.95	16.52

		As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
13	**OTHER CURRENT ASSETS**			
	a) Advances / Claims Recoverable in cash or in kind	5.66	5.58	6.50
	b) Balance with Government Authorities			
	- Excise Authorities	–	17.49	29.18
	- Service Tax and VAT receivable	–	4.25	3.21
	- CENVAT Credit Receivable	–	2.04	2.20
	- GST Receivable	10.35	–	–
	c) Prepaid expenses	2.44	2.20	1.59
	d) Advance to Employees	0.33	0.30	2.47
	e) Export Incentive Receivable	2.49	1.46	0.74
	f) Other receivable	1.63	1.69	2.06
		22.90	35.01	47.95
14	**EQUITY SHARE CAPITAL**			
	Authorised			
	4 00 00 000 - Equity Shares of ₹10 each	40.00	40.00	40.00
	3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each	30.00	30.00	30.00
		70.00	70.00	70.00
	Issued, Subscribed and Fully paid up:			
	1 26 13 628 - Equity Shares of ₹ 10 each	12.61	12.61	12.61
		12.61	12.61	12.61

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

	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	No of Shares	₹ crores	No of Shares	₹ crores	No of Shares	₹ crores
At the beginning and end of the year	12613628	12.61	12613628	12.61	12613628	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 31-03-2018 No. of Shares	As at 31-03-2018 % of Share Holding	As at 31-03-2017 No. of Shares	As at 31-03-2017 % of Share Holding	As at 01-04-2016 No. of Shares	As at 01-04-2016 % of Share Holding
(a) Tamilnadu Industrial Investment Corporation Limited	1800000	14.27	1800000	14.27	1800000	14.27
(b) Ponni Sugars (Erode) Ltd	1768181	14.02	1768181	14.02	1768181	14.02
(c) Synergy Investments Pte Ltd	1547695	12.27	1547695	12.27	1547695	12.27
(d) Time Square Investments (P) Ltd	1257621	9.97	1257621	9.97	1357621	10.76
(e) Atyant Capital India Fund I	676628	5.36	676628	5.36	676628	5.36

15 OTHER EQUITY

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Total
Balance as at April 01, 2016 (A)	**37.16**	**3.60**	**335.04**	**48.48**	**30.66**	**454.94**
Additions during the year						
Profit for the year	–	–	–	132.30	–	**132.30**
Items of OCI for the year (net of taxes)						
Remeasurement of Defined Benefit Plans	–	–	–	-1.28	–	**-1.28**
Net Fair Value Gain on Investment in Equity Instruments through OCI	–	–	–	–	13.68	**13.68**
Share of Profit of Associate	–	–	–	0.29	–	**0.29**
Total Comprehensive Income for the Year 2016-17 (B)	**–**	**–**	**–**	**131.31**	**13.68**	**144.99**
Reductions during the year						
Dividend	–	–	–	6.31	–	**6.31**
Income Tax on Dividend	–	–	–	1.28	–	**1.28**
Transfer to General Reserve	–	–	-65.00	65.00	–	**–**
Total (C)	**–**	**–**	**-65.00**	**72.59**	**–**	**7.59**
Balance as at March 31, 2017 (D) = (A+B-C)	**37.16**	**3.60**	**400.04**	**107.20**	**44.34**	**592.34**

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Total
Balance as at March 31, 2017 (D) = (A+B-C)	**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 Profit of Associate	–	–	–	0.55	–	0.55
Total Comprehensive Income for the Year 2017-18 (E)	–	–	–	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 (F)	–	–	-100.00	115.18	–	15.18
Balance as at March 31, 2018 (G) = (D+E-F)	37.16	3.60	500.04	113.08	58.98	712.86

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.

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
16 BORROWINGS			
(Non-current Financial Liabilities)			
Secured			
Unit : Erode			
Mill Development Plan II			
Phase I - Term Loan			
From Banks			
Syndicate bank	19.92	25.19	27.91
Canara Bank	12.79	9.65	4.90
Phase II - Term Loan			
From Banks			
Syndicate Bank	5.82	–	–
Unit : Tirunelveli			
Term Loan			
From Banks			
Canara Bank	16.75	51.36	82.69
Mill Expansion Plan			
From Banks			
Canara Bank	25.89	17.70	19.80
Unsecured			
From others			
Interest Free Sales tax Loan	10.63	12.94	21.75
	91.80	116.84	157.05

UNIT - ERODE:

16 (i) Term loan from Banks including its current maturities (Refer Note No. 23) is secured by :

(a) Hypothecation of Mill Development Plan II - Phase I and Phase II assets at Unit : Erode

(b) Further to be secured by mortgage of immovable properties consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets) to the extent of ₹ 85.00 crores.

16 (ii) Terms of Repayment :

Mill Development Plan II - Phase I

(a) The Term loan of ₹ 40.00 crores from Syndicate Bank which carries interest rate of 10.5% is repayable in 66 equal monthly instalments of ₹ 0.61 crores Commencing from July 2016.

(b) The Term loan of ₹ 20.00 crores from Canara Bank which carries interest rate of 9.30% is repayable in 28 quarterly Instalments of ₹ 0.71 crores commencing from October 2016.

Mill Development Plan II - Phase II

(c) The Term loan of ₹ 40.00 crores from Syndicate Bank which carries interest rate of 9.75% is repayable in 24 quarterly instalments of ₹ 1.67 crores commencing from April 2019.

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

Interest free 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 paid ₹ 28.91 crores up to 31.03.2018.

The Company has adopted previous GAAP 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 1st April 2016 is valued at fair value and the difference between gross outstanding and fair value of loan is 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).

UNIT - TIRUNELVELI :

16 (iv) Term loan from bank including its current maturities is secured by :

(a) a charge by way of mortgage of immovable properties of the Company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit - Tirunelveli and

(b) hypothecation of movables, including movable plant and machinery and book debts of Unit - Tirunelveli.

16 (v) Mill expansion Plan term loan including its current maturities is secured by :

(a) a charge,by way of mortgage of immovable properties of the Company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit - Tirunelveli and

(b) hypothecation of movables, including movable plant and machinery and book debts of Unit - Tirunelveli.

16 (vi) Terms of repayment :

(a) the term loan which carries interest rate of 9.40% is repayable in 24 quarterly instalments of ₹ 5.41 crores from January 2014 to October 2015, ₹ 7.57 crores from January 2016 to October 2017, ₹ 8.65 crores from January 2018 to April 2019 and the balance ₹ 8.10 crores will be paid in July 2019.

(b) Mill Expansion Plan loan of ₹ 60.00 crores (₹ 48.00 crores drawn and balance ₹ 12.00 crores surrendered) which carries interest rate of 9.40% is repayable in quartley instalments of ₹ 2.20 crores from December 2016 to December 2021 and the balance ₹ 1.80 crores will be paid in March 2022.

16 (vii) Default in Terms of Repayment of principal and Interest - NIL

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
17 OTHER FINANCIAL LIABILITIES			
Security deposits	16.00	15.30	14.79
	16.00	15.30	14.79

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
18 OTHER LIABILITIES			
(Non-current Liabilities)			
Deferred Income arising from Government grants (Refer Note No.1.12)	4.39	5.48	–
	4.39	5.48	–
19 PROVISIONS			
(Non-current Liabilities)			
a) Provision for Employee Benefits			
Provision for Leave Encashment and Retirement Fund	6.23	1.14	0.95
b) Others			
Provision for Generation Tax	10.32	9.64	9.04
	16.55	10.78	9.99

20 DEFERRED TAX LIABILITY (NET)

Particulars	As at 01-04-2017 ₹ crores	Recognised in Statement of P&L during 2017-18 ₹ crores	OCI 2017-18 ₹ crores	As at 31-03-2018 ₹ crores
As at 31-03-2018				
Deferred Tax Liabilities				
Difference between written down value / Capital Work in Progress of Fixed Assets as per the books of accounts and Income Tax 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 Interest Free Sale Tax 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
	83.07			97.48

20 DEFERRED TAX LIABILITY (NET) (Contd.)

As at 31-03-2017	As at 01-04-2016 ₹ crores	Recognised in Statement of P&L during 2016-17 ₹ crores	OCI 2016-17 ₹ crores	As at 31-03-2017 ₹ crores
Deferred Tax Liabilities				
Difference between written down value / Capital Work in Progress of Fixed Assets as per the books of accounts and Income Tax Act, 1961.	125.94	25.81	–	**151.75**
Deferred Tax Assets				
Expenses claimed for tax purpose on payment basis	-0.96	-7.24	–	**-8.20**
Difference in carrying value and tax base of Interest Free Loan measured at FVTPL	–	-0.27	–	**-0.27**
Remeasurement of Defined Benefit Plans	–	–	-0.68	**-0.68**
Deferred Tax Liability	**124.98**	**18.30**	**-0.68**	**142.60**
Tax Credit				
MAT Credit Entitlement	47.50	12.03	–	**59.53**
	77.48			**83.07**

21 BORROWINGS

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
(Current Financial Liabilities)			
From Banks - Secured			
Working Capital Loans - Cash credit	–	–	97.28
	–	–	97.28

Unit - Erode

Secured by:

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit - Erode
- second charge, by way of mortgage of immovable properties of Unit-Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings excluding the assets created out of MDP II Phase I Project and exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets to the extent of ₹ 85.00 crores.

Period and amount of continuing default : Nil

Unit - Tirunelveli :

Secured by:

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit - Tirunelveli and
- second charge, on the fixed assets of Unit - Tirunelveli.

Period and amount of default : Nil

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
22 TRADE PAYABLES			
a) Total outstanding dues of Micro and Small and Medium Enterprises	**0.47**	0.55	0.58
b) Total Outstanding dues of creditors other than Micro and Small and Medium Enterprises	**235.99**	187.51	185.65
	236.46	188.06	186.23

22 (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.

22 (ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows

	2017-18	2016-17	2015-16
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year	0.47	0.55	0.58
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	Nil
iv) 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	Nil
v) Interest accrued and remaining unpaid at the end of each accounting year:	Nil	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	Nil

		As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
23	**OTHER FINANCIAL LIABILITIES**			
	(Current Financial Liabilities)			
	Current maturities of Long term borrowings (Refer Note No. 16)	**53.53**	50.27	40.24
	Current maturities of Interest Free Sales Tax Loan (Refer Note No. 16 (iii))	**3.88**	3.61	6.89
	Interest Accrued but not due	**0.20**	0.31	0.89
	Unpaid Dividends	**0.97**	0.82	0.76
	Others :			
	- Payable for capital expenditure	**2.45**	1.01	0.37
	- Security Deposit	**2.28**	2.21	2.09
	- Retention monies	**3.34**	2.11	0.99
	- Employees dues	**9.61**	8.38	31.08
	- Fair valuation of derivatives	**–**	3.21	–
		76.26	71.93	83.31
24	**OTHER CURRENT LIABILITIES**			
	Other liabilities:			
	- Statutory Liabilities	**8.81**	11.63	11.95
	Deferred Income arising from Government grants (Refer Note No.1.12)	**1.10**	1.10	–
		9.91	12.73	11.95
25	**CURRENT PROVISIONS**			
	Provision for Employee Benefits	**5.95**	9.27	8.48
		5.95	9.27	8.48
26	**CURRENT TAX LIABILITIES (NET)**			
	Income Tax (Net of Advance Tax)	**0.72**	–	–
		0.72	–	–

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2017 ₹ crores	Year ended 31-03-2017 ₹ crores
27 REVENUE FROM OPERATIONS				
A) REVENUE FROM SALE OF PRODUCTS (INCLUDING EXCISE DUTY)				
Paper and Paper Boards		1065.41		1111.95
Stock-in-Trade		32.46		37.36
Services-Rent		0.38		0.38
		1098.25		1149.69
B) OTHER OPERATING INCOME				
Sale of Renewable Energy Certificates		9.72		7.44
Others		10.20		9.92
		19.92		17.36
28 OTHER INCOME				
Interest Income				
- On financial assets carried at Amortised Cost		4.56		4.81
Dividend Income from Equity Investments measured at fair value through OCI		0.57		0.61
Government Grant (Refer Note No. 1.12)		1.10		1.10
Other non-operating income		2.63		1.37
		8.86		7.89
29 COST OF MATERIALS CONSUMED				
Raw material				
i) Wood	211.33		248.43	
ii) Bagasse	16.30		13.52	
iii) Purchased Pulp	87.58		92.13	
iv) Waste Paper	40.02		11.67	
	355.23		365.75	
Feeding and other Charges	6.08		5.38	
		361.31		371.13
Process Chemicals		188.31		174.11
Packing Materials		11.78		14.55
		561.40		559.79

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2017 ₹ crores	Year ended 31-03-2017 ₹ crores
30 PURCHASE OF STOCK-IN-TRADE				
Notebook & Paper		6.12		15.71
Petroleum Products		23.08		24.59
		29.20		40.30
31 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS				
Opening stock				
- Finished goods	–		–	
- Work in progress	5.30		7.61	
- Stock-in-Trade	5.76		1.21	
		11.06		8.82
Closing stock				
- Finished goods	–		–	
- Work in progress	5.04		5.30	
- Stock-in-Trade	4.03		5.76	
		9.07		11.06
		1.99		-2.24
32 EMPLOYEE BENEFITS EXPENSE				
Salaries and wages		55.70		55.71
Contribution to Provident & other Funds (Refer Note 1.13)		6.64		7.40
Staff welfare Expenses		6.02		6.61
		68.36		69.72
33 FINANCE COSTS				
Interest on financial liabilities carried at amortised cost - Effective interest method				
- Interest on borrowings		10.17		18.81
- Interest on Interest Free Sales Tax Loan (Refer Note No. 1.12)		1.57		1.88
Interest on Security deposits measured at Amortised Cost		1.85		1.76
Other borrowing costs		0.71		0.77
		14.30		23.22

	Year ended 31-03-2018		Year ended 31-03-2017	
	₹ crores	₹ crores	₹ crores	₹ crores
34 DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation of Property, Plant and Equipment (Refer Note No.2)		31.64		30.41
Amortisation of Intangible assets (Refer Note No.2(B))		0.35		0.27
		31.99		30.68
35 OTHER EXPENSES				
Power and Fuel				
(i) Purchased Power	26.81		19.87	
(ii) Consumption of Fuel	113.15		96.77	
(iii) Generation Tax	2.19		3.31	
		142.15		119.95
Rent		1.06		1.39
Repairs and Maintenance				
- Buildings	5.56		4.34	
- Plant & Machinery	34.95		29.44	
- Others	1.55		1.33	
		42.06		35.11
Insurance		2.53		2.26
Rates and Taxes		1.11		1.50
Selling and Distribution Expenses		25.77		38.93
Net foreign exchange loss		0.21		0.28
Allowance for doubtful debts		1.01		7.62
Auditors' remuneration (Refer Note No.37 (a))		0.42		0.33
Corporate Social Responsibility expenses (Refer Note No.37 (b))		1.76		0.78
Miscellaneous		18.67		18.31
		236.75		226.46

36 TAX EXPENSE

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2017 ₹ crores
(A) 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	36.09	35.98
	36.09	35.98
Deferred Tax comprises:		
Deferred Tax Liability on account of depreciation	14.28	25.81
Disallowance of expenses Under Section 43B and other temporary difference	-1.12	-7.24
Deferred Tax Asset on account of Interest Free Sales Tax Loan	-0.16	-0.27
MAT Credit Entitlement	3.28	-14.26
	16.28	4.04
Total Tax Expense	52.37	40.02
(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	34.61%	34.61%
Profit Before Tax	175.33	168.22
Current tax expenses on profit before tax at the enacted income tax rate in India	60.68	58.22
Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income		
Tax on CSR activities	0.61	0.27
Tax on Dividend exempt	-0.68	-0.17
Tax on Deduction Under Section 80 IA	-14.81	-16.78
Tax on difference in Depreciation	-3.69	-3.73
Carry Over Loss adjusted	–	-16.19
Differential Tax on Income taxed at Special Rate		
(i) REC Credit	-2.23	-2.57
(ii) Capital Gain (LTCG)	-0.48	–
MAT Credit Entitlement	-3.28	14.26
Other Differences	-0.03	2.67
	-24.59	-22.24
Current Tax for the Year	36.09	35.98
Effective rate of tax	20.58%	21.39%

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2017 ₹ crores
37 (a) PAYMENT TO AUDITORS (EXCLUDING GST)		
Statutory Audit fees	0.20	0.18
Taxation Matters	0.10	0.07
Certification work	0.09	0.06
Reimbursement of expenses	0.03	0.01
	0.42	0.32
37 (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	1.64	0.78
b) Amount spent during the year		
i. Construction / Acquisition of any assets	0.32	0.21
ii. Purpose other than (i) above	1.45	0.57
	1.77	0.78
38 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.	5.71	4.32
(ii) Differential duty on Coal imported and consequent levies 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.	15.48	14.66
(iv) Interest on Generation Tax contested.	–	7.19
(v) Income Tax demand contested.	–	0.13
(vi) Demand towards energy charges as per TNERC order contested in writ petition before Hon'ble High Court of Madras.	4.63	4.63
(vi) Other - Demand contested.	0.18	0.27
(vii) Guarantees.	–	0.07
b. Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for :	4.37	14.38

39(A) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

₹ crores

Particulars	Refer Note	Non Current As on 31-03-2018	Non Current As on 31-03-2017	Non Current As on 01-04-2016	Current As on 31-03-2018	Current As on 31-03-2017	Current As on 01-04-2016
Financial Assets measured at Fair Value through Profit and Loss (FVTPL)		–	–	–	–	–	–
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)							
Investments in quoted equity shares *	3(A)(a)	108.27	92.76	74.68	–	–	–
Investments in unquoted equity shares	3(A)(b)	0.11	0.11	0.11	–	–	–
Financial Assets measured at amortised cost							
Loans	4 / 10	23.99	25.67	27.42	–	2.06	2.06
Trade Receivables	7	–	–	–	106.86	105.71	128.46
Cash and Cash Equivalents	8	–	–	–	24.93	18.51	9.64
Bank balances other than Cash and Cash Equivalents	9	–	–	–	118.88	1.60	0.77
Other current Financial Assets	11	–	–	–	0.81	5.64	0.78
Financial Liabilities measured at Fair Value through Profit and Loss		–	–	–	–	–	–
Financial Liabilities measured at amortised cost							
Term Loan from Banks	16 / 23	81.17	103.90	135.30	53.53	50.27	40.24
Interest Free Sales Tax Loan	16 / 23	10.63	12.94	21.75	3.88	3.61	6.89
Other Financial Liabilities	17	16.00	15.30	14.79	–	–	–
Loans repayable on demand - Cash Credit	21	–	–	–	–	–	97.28
Trade Payables	22	–	–	–	236.46	188.06	186.23
Other Financial Liabilities	23	–	–	–			
Interest accrued but not due on borrowings		–	–	–	0.20	0.31	0.89
Unpaid / Unclaimed Dividend		–	–	–	0.97	0.82	0.76
Payable towards capital expenditure		–	–	–	2.45	1.01	0.37
Security Deposit		–	–	–	2.28	2.21	2.09
Retention monies		–	–	–	3.34	2.11	0.99
Employees dues		–	–	–	9.61	8.38	31.08
Fair valuation of derivatives		–	–	–	–	3.21	–

* 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.

39(B) FAIR VALUE MEASUREMENTS

₹ crores

		Fair value hierarchy		
	Fair value	Quoted price in active markets	Significant observable	Significant unobservable
As at 31st March 2018		(Level 1)	(Level 2)	(Level 3)
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	**108.27**	**108.27**		
Investments in unquoted equity shares	**0.11**			**0.11**
As at 31st March 2017				
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	92.76	92.76		
Investments in unquoted equity shares	0.11			0.11
As at 1st April 2016				
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	74.68	74.68		
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.

39(C) OBJECTIVES AND POLICIES - FINANCIAL RISK MANAGEMENT

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 summarises the exposure to the financial risks.

39(C) OBJECTIVES AND POLICIES - FINANCIAL RISK MANAGEMENT (Contd.)

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 and 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 1 to 1.3% (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:

	31-03-2018	31-03-2017
	₹ crores	₹ crores
Variable rate borrowings	135.14	154.42
Fixed rate borrowings	–	–
	135.14	154.42

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

Rupee Term Loan

	31-03-2018	31-03-2017
(i) Weighted average interest rate (%)	9.63	10.52
(ii) Balance (₹ crores)	135.14	154.42
(iii) % of total loan	100	100

Interest Rate Senstivity 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 Profir before tax	
	31-03-2018	31-03-2017
	₹ crores	₹ crores
Interest rates - increase by 50 basis points	-0.68	-0.77
Interest rates - decrease by 50 basis points	0.68	0.77

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

The increase / decrease in interest expense is mainly 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 conservative 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)

In respect of exports of paper, exports are made against advances received or against confirmed LCs of usance period not exceeding 30 days. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

(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 Indentor is analysed individually for creditworthiness. Each indentor places security deposit based on the quotes allocated to him. Though the invoices are raised on the individual customer, the Indentor 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 Indentor. 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 realising 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:

	31-03-2018 ₹ crores	31-03-2017 ₹ crores
Expiring within one year	**239.00**	282.00
Expiring beyond one year	**–**	–
	239.00	282.00

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

39(D) CAPITAL MANAGEMENT

The Company adheres to a cautious capital management that seeks to trigger growth creation and maximisation 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:

	As at 31-03-2018 ₹ crores	As at 31-03-2017 ₹ crores	As at 01-04-2016 ₹ crores
Equity	725.47	604.95	467.55
Debt	149.22	170.72	301.46
Cash and cash equivalents	142.84	19.29	9.65
Net Debt	6.38	151.43	291.81
Total Capital (Equity + Net Debt)	731.85	756.38	759.36
Net Debt to Capital Ratio (No. of times)	0.01	0.20	0.38

39(E) DIVIDEND

Dividend on equity shares paid during the year	12.61	6.31	5.05
Dividend distribution tax	2.57	1.28	1.03
	15.18	7.59	6.08

Proposed Dividend

The Board of Directors at its meeting held on 26th May 2018 have recommended a payment of dividend of ₹ 15 per equity share of face value of ₹ 10 each for the financial year ended 31st March 2018. The same amounts to ₹ 22.81 crores including Dividend distribution tax of ₹ 3.89 crores.

40(1) FIRST TIME ADOPTION OF IND AS

Effect of Ind AS adoption on the Consolidated Balance Sheet as at 1st April 2016 (₹ crores)

	Foot notes	Previous GAAP 01-04-2016	Effect of transition to Ind AS	Ind AS as on 01-04-2016
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment		624.01	-0.01	624.00
(b) Capital Work-in-Progress		50.44	–	50.44
(c) Other Intangible assets		1.02	0.01	1.03
(d) Investment Property		1.24	–	1.24
(e) Financial Assets				
(i) Investments	40(5)(b)	47.11	27.68	74.79
(ii) Loans and advances		24.18	3.24	27.42
(f) Goodwill on consolidation		11.78	–	11.78
(g) Other non-current assets		3.10	–	3.10
		762.88	**30.92**	**793.80**

40(1) FIRST TIME ADOPTION OF IND AS (Contd.)

Effect of Ind AS adoption on the Consolidated Balance Sheet as at 1st April 2016

(₹ crores)

	Foot notes	Previous GAAP 01-04-2016	Effect of transition to Ind AS	Ind AS as on 01-04-2016
(2) Current assets				
(a) Inventories		114.07	–	114.07
(b) Financial Assets				
(i) Trade receivables	40(5)(d)	129.33	-0.87	128.46
(ii) Cash and Cash Equivalents		9.64	–	9.64
(iii) Bank Balances other than (ii)above		0.77	–	0.77
(iv) Loans and Advances		1.00	1.06	2.06
(v) Others		5.14	-4.30	0.84
(c) Current Tax Assets (Net)		16.52	–	16.52
(d) Other current assets		47.95	–	47.95
		324.42	**-4.11**	**320.31**
Total Assets		**1087.30**	**26.81**	**1114.11**
EQUITY AND LIABILITIES				
I EQUITY				
(a) Equity Share Capital		12.61	–	12.61
(b) Other Equity		429.76	25.18	454.94
		442.37	**25.18**	**467.55**
II LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	40(5)(e)	157.44	-0.39	157.05
(ii) Other Financial Liabilities		14.79	–	14.79
(b) Provisions		9.99	–	9.99
(c) Deferred tax liabilities (Net)	40(5)(i)	67.87	9.61	77.48
		250.09	**9.22**	**259.31**
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings		97.28	–	97.28
(ii) Trade payables		186.23	–	186.23
(iii) Other financial liabilities		83.31	–	83.31
(b) Other current liabilities		11.95	–	11.95
(c) Provisions	40(5)(c)	16.07	-7.59	8.48
		394.84	**-7.59**	**387.25**
Total Equity and Liabilities		**1087.30**	**26.81**	**1114.11**

40(2) FIRST TIME ADOPTION OF IND AS

Effect of Ind AS adoption on the Consolidated Balance Sheet as at 31st March 2017

(₹ crores)

	Foot notes	Previous GAAP 31-03-2017	Effect of transition to Ind AS	Ind AS as on 31-03-2017
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment		636.34	0.07	636.41
(b) Capital work-in-progress		40.72	0.03	40.75
(c) Other Intangible assets		0.78	0.01	0.79
(d) Investment Property		1.18	–	1.18
(e) Financial Assets				
(i) Investments	40(5)(b)	51.00	41.87	92.87
(ii) Loans and advances	40(5)(d)	20.33	5.34	25.67
(f) Goodwill on consolidation		11.78	–	11.78
(e) Other non-current assets		9.44	–	9.44
		771.57	**47.32**	**818.89**
(2) Current assets				
(a) Inventories		128.97	–	128.97
(b) Financial Assets				
(i) Trade receivables		106.60	-0.89	105.71
(ii) Cash and Cash Equivalents	40(5)(d)	18.51	–	18.51
(iii) Bank balances other than (ii) above		1.60	–	1.60
(iii) Loans and Advances	40(5)(d)	5.40	-3.34	2.06
(iv) Others	40(5)(d)	10.31	-4.60	5.71
(c) Current Tax Assets (Net)		1.95	–	1.95
(d) Other current assets		35.41	-0.40	35.01
		308.75	**-9.23**	**299.52**
Total Assets		**1080.32**	**38.09**	**1118.41**
EQUITY AND LIABILITIES				
I EQUITY				
(a) Equity Share Capital		12.61	–	12.61
(b) Other Equity		562.65	29.69	592.34
		575.26	**29.69**	**604.95**
II LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	40(5)(f)	122.88	-6.04	116.84
(ii) Other Financial Liabilities		15.30	–	15.30
(b) Other non-current liabilities	40(5)(f)	–	5.48	5.48
(c) Provisions		10.78	–	10.78
(d) Deferred tax liabilities (Net)	40(5)(i)	74.91	8.16	83.07
		223.87	**7.60**	**231.47**

40(2) FIRST TIME ADOPTION OF IND AS (Contd.)

Effect of Ind AS adoption on the Consolidated Balance Sheet as at 31st March 2017

(₹ crores)

	Foot notes	Previous GAAP 31-03-2017	Effect of transition to Ind AS	Ind AS as on 31-03-2017
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings		–	–	–
(ii) Trade payables		192.07	-4.01	188.06
(iii) Other financial liabilities	40(5)(j)	68.22	3.71	71.93
(b) Other current liabilities	40(5)(f)	11.63	1.10	12.73
(c) Provisions		9.27	–	9.27
		281.19	**0.80**	**281.99**
Total Equity and Liabilities		**1080.32**	**38.09**	**1118.41**

40(3) FIRST TIME ADOPTION OF IND AS

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2017

	Particulars	Foot notes	Previous GAAP	Effect of transition to Ind AS	Ind AS as on 31-03-2017
I	Revenue from Operations				
	Revenue from sale of products (including Excise Duty)	40(5)(g)	1118.07	31.62	1149.69
	Other Operating Revenues	40(5)(g)	17.11	0.25	17.36
II	Other Income	40(5)(f)	6.79	1.10	7.89
III	**Total Income**		**1141.97**	**32.97**	**1174.94**
IV	Expenses:				
	Cost of Materials Consumed	40(5)(j)	560.44	-0.65	559.79
	Purchase of Stock in Trade		40.30	–	40.30
	Changes in Inventories of finished goods, stock-in-trade and work-in-progress		-2.24	–	-2.24
	Excise duty	40(5)(g)	–	59.08	59.08
	Employee Benefits Expense	40(5)(h)	71.68	-1.96	69.72
	Finance Cost	40(5)(e)	21.58	1.64	23.22
	Depreciation and Amortisation Expenses		30.67	0.01	30.68
	Other Expenses	40(5)(g)/(d)	250.02	-23.56	226.46
	Total Expenses		**972.45**	**34.56**	**1007.01**
V	Profit before Exceptional items and tax		169.52	-1.59	167.93
VI	Exceptional Items		–	–	–
VII	**Profit Before Tax**		169.52	-1.59	167.93
VIII	Share of Profit of Associate		4.16	0.23	4.39
IX	Tax Expenses				
	(1) Current Tax		21.72	14.26	35.98
	(2) Deferred Tax		19.07	-15.03	4.04
X	**Profit / (Loss) for the period**		**132.89**	**-0.59**	**132.30**

(₹ crores)

	Particulars	Foot notes	Previous GAAP	Effect of transition to Ind AS	Ind AS as on 31-03-2017
X	**Profit / (Loss) for the period**		**132.89**	**-0.59**	**132.30**
XI	Other Comprehensive Income*				
	A Items that will not be reclassified to Statement of Profit and Loss				
	(i) Remeasurement benefit of the Defined Benefit Plans		–	-1.96	-1.96
	(ii) Income tax expense on remeasurement benefit of the Defined Benefit Plans		–	0.68	0.68
	(iii) Net fair value gain on investment in equity instruments through OCI		–	13.68	13.68
	(iv) Share of OCI of Associate		–	–	0.29
	B Items that will be reclassified to Statement of Profit and Loss				
	(i) Net fair value gain on investment in debt instruments through OCI		–	–	–
	(ii) Income tax benefit on net fair value gain on investment in debt instruments through OCI				
	Total Other Comprehensive Income (A+B)		–	12.40	12.69
XI	Total Comprehensive income for the period (Comprising Profit / (loss) and Other Comprehensive Income for the Period)		**132.89**	**11.81**	**144.99**

* Under the previous GAAP, there was no concept of Other Comprehensive Income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in Other Comprehensive Income.

40(4) FIRST TIME ADOPTION OF IND AS

A. Reconciliation of Total Comprehensive Income for the year ended 31st March 2017.

Nature of Adjustment	Foot notes	For the year ended 31-03-2017
Net Profit as per previous GAAP		132.89
Actuarial gain on employee Defined Benefit Obligation	40(5)(h)	1.96
Impact of Fair valuation of Financial Assets	40(5)(d)	-2.62
Impact of Fair Valuation of Interest Free Sales Tax Loan	40(5)(f)	1.10
Impact of effective Interest rate on borrowings	40(5)(e)	-1.92
Other Ind AS Adjustments	40(5)(g)	-0.75
Deferred taxes	40(5)(i)	0.77
Gain on Fair Value of forward Exchange Contracts	40(5)(j)	0.65
Increase in depreciation on application of effective interest rate on capitalisation of Interest on borrowings	40(5)(e)	–
Change in the profit of Associate		0.22
Net Profit as per Ind AS		132.30
Other Comprehensive Income (Net of Tax)		12.69
Total Comprehensive Income as per Ind AS		144.99

40(4) FIRST TIME ADOPTION OF IND AS (Contd.)

B. Reconciliation of Equity as on 31st March 2017 and 1st April 2016.

(₹ crores)

Nature of Adjustment	Foot notes	As at 31-03-2017	As at 01-04-2016
Equity as per Previous GAAP (i)		575.26	442.37
Effect of measuring Non Current Investments at Fair Value	40(5)(b)	41.86	27.68
Adjustment for proposed dividend	40(5)(c)	–	7.59
Impact of Fair Valuation of Interest Free Sales Tax Loan	40(5)(d)	1.10	–
Impairment provision	40(5)(d)	-3.48	-0.87
Impact of effective Interest rate on borrowings	40(5)(e)/(f)	-1.53	0.39
Other Ind AS Adjustments	40(5)(g)	-0.75	–
Gain on Fair Value of forward Exchange Contracts	40(5)(i)/(j)	0.65	–
Increase in depreciation on application of effective interest rate on capitalisation of Interest on borrowings.	40(5)(e)	–	–
Deferred tax remeasurement on balance sheet approach	40(5)(i)	-9.77	-9.77
Deferred taxes	40(5)(i)	1.61	0.16
Total effect of transition to Ind AS (ii)		**29.69**	**25.18**
Equity as per Ind AS (i)+(ii)		**604.95**	**467.55**

C. Effect of Ind AS adoption on the Consolidated Statement of Cash Flow for the year ended 31st March 2017.

	Previous GAAP	Effect of transition to Ind As	Ind AS
Net cash flows from operating activities	200.74	-0.29	200.45
Net cash flows from investing activities	-36.20	-0.10	-36.30
Net cash flows from financing activities	-154.84	0.39	-154.45
Net increase in cash and cash equivalents	9.70	–	9.70
Cash and cash equivalents at the beginning of the year	10.41	–	10.41
Cash and cash equivalents at the end of the year	20.11	–	20.11

40(5) FIRST TIME ADOPTION OF IND AS

For all periods up to and including the year ended 31st March 2017, the Company had prepared its Consolidated financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). This note explains the principal adjustments made by the Company in restating its financial statements prepared under previous GAAP for the following:

a) Balance Sheet as at 1st April 2016 (Transition date);

b) Balance Sheet as at 31st March 2017 ;

c) Statement of Profit and Loss for the year ended 31st March 2017; and

d) Statement of Cash flows for the year ended 31st March 2017.

(a) Exemptions availed:

Ind As 101 First –time adoption of Indian Accounting Standards, allows first-time adopters, exemptions from the retrospective application and exemption from application of certain requirements of other Ind AS. The Company has availed the following exemption as per Ind AS 101:

1) The Company has elected to consider the carrying value of all its items of Property, Plant and Equipment and intangible assets recognised in the financial statements prepared under previous GAAP and use the same as deemed cost in the opening Ind AS Balance Sheet.

2) The carrying amounts of the Company's investments in its Subsidiary and Associate companies as per the financial statements of the Company prepared under previous GAAP, are considered as deemed cost for measuring such investments in the opening Ind AS Balance Sheet.

3) The Company has applied the requirement of Ind AS 109 - Financial Instruments and Ind AS 20 - Accounting for Government Grants and disclosure of Government assistance prospectively to the Interest Free Sales Tax Loan existing at the date of transition and has used the previous GAAP carrying amount of the loan at the date of transition and has applied Ind AS - 109 to the measurement of such loan after the date of transition to Ind AS.

4) Business Combinations:

The Company elected not to apply 'Ind AS 103 - Business Combinations' retrospectively for past business combinations.

(b) Non-Current Investments:

In the financial statements prepared under previous GAAP, Non-current Investments of the Company were measured at cost less provision for diminution. Under Ind AS, the Company has recognised such investments as follows :

- Equity shares - At FVTOCI through an irrevocable option

Ind AS requires the investments to be recognised at fair value except investments in equity shares of Subsidiary and Associate companies, for which option is available as per Ind AS - 27 to account for cost or in accordance with Ind AS - 109. (Fair Value)

On the date of transition to Ind AS, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amount as per financial statements prepared under previous GAAP, has resulted in an increase in the carrying amount of these investments by ₹ 27.68 crores which has been recognised as Effect of Measuring Investments at fair value under Other Comprehensive Income (OCI).

As at 31st March 2017, the difference between the fair value of Non-Current Investments as per Ind AS and their corresponding carrying amounts as per financial statements prepared under previous GAAP, has resulted in an increase in the carrying amount of these investments by ₹ 41.87 crores which has been recognised in OCI.

The above transition has resulted increase in equity by ₹ 25.18 crores as at the date of transition to Ind AS and by ₹ 29.69 crores as at 31st March 2017.

(c) Proposed Dividend:

In the financial statements prepared under previous GAAP, dividend on equity shares recommended by the Board of Directors after the end of reporting period but before the financial statements were approved for issue, was recognised as a liability in the financial statements in the reporting period relating to which dividend was proposed. Under Ind AS, such dividend is recognised in the reporting period in which the same is approved by the members in a general meeting.

On the date of transition, the above change in accounting treatment of proposed dividend has resulted in increase in Equity with a corresponding decrease in provisions by ₹ 7.59 crores.

(d) Fair Valuation for Financial Assets:

The Company has valued financial assets - Trade Receivables / Loans, at fair value as mandated by Ind AS 109 - Financial Instruments. Impact of fair value changes as on the date of transition amounting to ₹ 0.87 crore is recognised in opening reserves and changes thereafter is recognised in Statement of Profit and Loss amounting to ₹ 2.62 crores.

(e) Borrowings - EIR working:

In the financial statements prepared under previous GAAP processing charges paid for borrowings is debited to CWIP / Finance Cost. However under Ind AS, processing charges are debited to loan account and Effective Rate of Interest is applied. Net Impact on processing charges as on the date of transition is ₹ 0.39 crores. The same is recognised in opening reserves and changes thereafter amounting to ₹ 0.04 crores are recognised in Statement of Profit and Loss, Fixed Assets / CWIP, as the case may be.

(f) Interest free Sales Tax loan:

In the financial statements prepared under previous GAAP, the carrying value of Interest Free Sales Tax Loan was recognised at the principal amounts payable by the borrower. Under Ind AS, Government Grant borrowing being a financial liability is required to be recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The difference between the carrying value of ₹ 28.64 crores and the fair value of ₹ 20.95 crores amounting to ₹ 7.68 crores is recognised as deferred income and disclosed under Other Liabilities.

The Company has applied Ind AS 109 to Interest Free Sales Tax Loan after the date of transition to Ind AS 101.

As a consequence Other Income has increased by ₹ 1.10 crores due to reversal of deferred income for the year ended 31st March 2017, and Interest and Finance charges increased by ₹ 1.88 crores charging interest on borrowing using the effective interest method.

The above changes resulted in decrease in profit by ₹ 0.78 crores and increase in Deferred Tax Asset as at 31st March 2017 by ₹ 0.27 crores.

(g) Revenue from sale of products:

In the financial statements prepared under previous GAAP, revenue from sale of products was presented net of Excise Duty. However, under Ind AS, revenue from sale of products includes Excise Duty. Excise Duty expense amounting to ₹ 59.08 crores is presented separately on the face of the Statement of Profit and Loss for the year ended 31st March 2017.

In the financial statements prepared under previous GAAP, cash discount, trade discount and export commission were shown as a part of Other Expenses. However, under Ind AS, such expenses amounting to ₹ 26.45 crores for the year ended 31st March 2017, have been reduced from revenue from sale of Products.

In the financial statements prepared under previous GAAP, cash discount for the month of March sales is accounted based on actual realisation date. However, in Ind AS, cash discount of ₹ 0.75 crores is reduced from sales based on past estimates.

(h) Actuarial gains and losses:

Under previous GAAP, actuarial gains and loss were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset and is recognised in Other Comprehensive Income. Consequently, the tax effect of the same has also been recognised in the Other Comprehensive Income under Ins AS instead of profit and loss. The actuarial gain for the year ended March 31, 2017 was ₹ 1.96 crores and the tax effect thereon was ₹ 0.68 crores. This change does not affect total equity, but there is an increase in profit before tax of ₹ 1.96 crores, and in total profit of ₹ 1.28 crores for the year ended March 31, 2017.

(i) Deferred Tax:

In the financial statements prepared under previous GAAP, Deferred Tax was accounted as per the Income approach, which required creation of deferred tax asset / liability on timing differences between taxable profit and accounting profits. Under Ind AS, Deferred Tax is accounted as per Balance Sheet approach, which requires creation of deferred tax asset / liability on temporary differences between the carrying amount of an asset / liability in the Balance Sheet and its corresponding tax base.

The application of Ind AS has resulted in recognition of Deferred Tax on new temporary differences which were not required to be recognised under previous GAAP. In addition, the above mentioned transitional adjustments have also led to temporary differences and creation of Deferred Tax thereon.

The above changes have resulted in creation of Deferred tax liabilities amounting to ₹ 9.77 crores as at date of transition to Ind AS.

(j) Fair value of Forward Exchange Contract :

In previous GAAP, the exchange difference on forward contracts not intended for speculation were recognised on the reporting period in which the exchange rate changes. Under Ind AS such forward contract are treated as hedging instruments and the fair value gain of ₹ 0.65 crores is recognised in the statement of profit and Loss.

(k) Effect of Ind AS adoption on Statement of Cash Flow for the year ended 31st March 2017:

In the financial statements prepared under previous GAAP, interest received was grouped under financing activity. However, the same is now grouped under Investment activity in line with Ind AS.

41 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.

42 Information on Related Party Transactions as required by Ind AS 24 - Related Party Disclosure for the year ended 31st March 2018.

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 Md. Nasimuddin, I A S
- Dr Nanditha Krishna
- Dr 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 Company Private Limited (UIL)

C) Transaction details

	Transaction amount ₹ crores		Amount outstanding on 31-03-2018
	2017-18	2016-17	
(a) Dhanashree Investments Private Limited			Liabilities : 0.06 crores Equity Shares (4.68%)
- Rent and Amenity charges	**0.04**	0.04	
- Dividend paid	**0.59**	0.30	
(b) Ultra Investments and Leasing Company Private Limited			Liabilities : 0.02 crores Equity Shares (1.47%)
- Dividend paid	**0.19**	0.09	

C) Transaction details (Contd.) :

(c) Time Square Investments Private Limited			Liabilities : 0.13 crores Equity Shares (10.76%)
- Dividend paid	**1.26**	0.68	
(d) SPB Projects and Consultancy Limited			Assets : Investments in: 0.01 crores EquityShares (16.67%)
- Reimbursement of expenses	–	0.01	
- Engineering and Technical Services	–	0.88	
- Dividend paid	–	–	Liabilities : 0.00 crores Equity Shares (0.02%)

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

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
Current Year 2017-18	₹ crores	₹ crores	₹ crores
Short term employee benefits	**1.60**	**1.44**	**1.44**
Post Employee benefits (gratuity) & Long term benefits (Superannuation Fund)	**0.21**	**0.18**	**0.18**
Contribution to Provident Fund	**0.10**	**0.08**	**0.08**
	1.91	**1.70**	**1.70**
Previous Year 2016-17			
Short term employee benefits	0.84	0.76	0.77
Post Employee benefits (Gratuity) & Long term benefits (Superannuation Fund)	0.09	0.07	0.07
Contribution to Provident Fund	0.05	0.04	0.04
	0.98	0.87	0.88

(f) Sitting fees and Commission to Directors	**2017-18 ₹ crores**	2016-17 ₹ crores
Sitting fees	**0.14**	0.13
Commission*	**0.48**	0.19
	0.62	0.32

*Current year Commission includes the arrears of commission relating to financial year 2016-17 paid during the year.

43 EARNINGS PER SHARE

	Year ended 31-03-2018	Year ended 31-03-2018
Profit after tax (₹ crores)	123.29	132.30
Weighted average Number of Shares	12613628	12613628
Basic earnings per share (₹)	97.74	104.89
Diluted earnings per Share (₹)	97.74	104.89

44 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2018

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	0.33	2.42	0.05	0.07	0.01	–	0.05	0.07
Associate								
- Ponni Sugars (Erode) Limited	5.98	43.36	0.75	0.92	4.43	0.55	1.08	1.47

45 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 ₹ 4.39 crores (Year ended March 31, 2017 ₹ 5.10 crores) for Provident Fund contributions and ₹ 0.32 crores (Year ended March 31, 2017 ₹ 0.17 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.

44 EMPLOYEE BENEFITS (Contd.)

The Company provides the gratuity benefit 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 Retirement Benefit Scheme 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 relating 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.

	Post employment benefit			
	Gratuity (Funded plan)		Retirement benefit Scheme (Non Funded plan)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	₹ crores	₹ crores	₹ crores	₹ crores
(i) Changes in Defined Benefit Obligations				
Present Value - opening balance	26.50	25.71	1.48	1.31
Current Service Cost	1.52	1.20	0.08	0.07
Interest Cost	1.95	2.12	0.09	0.09
Actuarial (Gain) / Loss	4.29	1.61	-0.04	0.35
Benefits paid	-4.20	-4.14	-0.41	-0.34
Present value - closing balance	30.06	26.50	1.20	1.48

44 EMPLOYEE BENEFITS (Contd.)

	Post employment benefit			
	Gratuity (Funded plan)		Retirement benefit Scheme (Non Funded plan)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	₹ crores	₹ crores	₹ crores	₹ crores
(ii) Changes in the Fair Value of Plan Assets				
Opening Balance	26.50	25.59	–	–
Expected Return	2.10	1.93	–	–
Actuarial (Gain) / Loss	–	–	–	–
Contributions by employer	3.68	3.12	0.41	0.34
Benefits paid	-4.20	-4.14	-0.41	-0.34
Closing Balance	28.08	26.50	–	–
Actual return	2.11	1.93	–	–
(iii) Amounts recognised in the Balance Sheet (as at year end)				
Present Value of Obligations	30.06	26.50	1.20	1.48
Fair Value of Plan Assets	28.08	26.50	–	–
Net Asset / (Liability) recognised	1.98	–	-1.20	-1.48
(iv) Expenses recognised in the statement of Profit and Loss.				
Current Service Cost	1.52	1.19	0.08	0.07
Interest on obligation	-0.15	2.12	0.09	0.09
Total included in Employee benefit expense	1.37	3.31	0.17	0.16
(v) Expenses recognised in Other Comprehensive Income				
Remeasurement on the net defined benefit liability				
- Actuarial Gain and Losses arising from changes in financial Assumption	-4.29	-1.61	0.04	-0.35
- Actuarial Gain and Losses arising from changes in experience adjustment	–	–	–	–
Return on plan assets	–	–	–	–
Net cost in Other Comprehensive Income	-4.29	-1.61	0.04	-0.35
Asset information				
- Insurer managed	100%	100%	NA	NA

44 EMPLOYEE BENEFITS (Contd.)

	Post employment benefit			
	Gratuity (Funded plan)		Retirement benefit Scheme (Non Funded plan)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	₹ crores	₹ crores	₹ crores	₹ crores
Principal actuarial assumptions				
Discount rate (%)	7.44	8	7.44	6.80
Future Salary increase (%)	8	8	NA	NA
Expected Rate of Return of plan assets (%)	7.44	8	NA	NA
Expected average remaining working lives of employees (years)	6.4	7	NA	NA
Expected contribution (₹ in crores)	5.00	4.00	NA	NA

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 is 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.

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	31-03-2018	31-03-2017
	₹ crores	₹ crores
Discount Rate		
- 0.5% increase	**29.39**	24.43
- 0.5% decrease	**30.75**	27.64
Salary Growth Rate		
- 0.5% increase	**30.80**	27.66
- 0.5% decrease	**29.35**	25.41
Attrition Rate		
- 0.5% increase	**30.04**	26.52
- 0.5% decrease	**30.07**	26.46

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 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 ₹ 5.00 crores (previous year 2017 ₹ 4.00 crores).

46 EXCEPTIONAL ITEMS

Exceptional item represents compensation received pursuant to interim award passed by Tamil Nadu State Government for acquisition of Land belonging to the Company including structures for construction of Railway over bridge.

47 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at their meeting held on 26th May 2018.

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	R V GUPTA Dr NANDITHA KRISHNA Dr S NARAYAN 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 26, 2018

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		174.74		167.93
Adjustments for:				
Add:				
Assets discarded	0.11		0.03	
Depreciation	31.99		30.68	
Allowance for Doubtful debts	1.01		7.62	
Interest on Interest Free Sales Tax Loan	1.57		1.88	
Interest and financing charges	12.73		21.34	
		47.41		61.55
		222.15		229.48
Less:				
Income from Investments	0.57		0.61	
Remeasurement of Defined Benefit Plan	4.25		1.96	
Deferred income arising from Government Grant	1.10		1.10	
Profit / Loss on sale of assets	0.58		0.31	
		6.50		3.98
Operating profit before working capital changes		215.65		225.50
Increase / decrease in working capital:				
Increase / decrease in Inventories	-28.81		-14.90	
Increase / decrease in Sundry Debtors	-1.15		22.73	
Increase / decrease in Other Current Assets	25.71		0.25	
Increase / decrease in Liabilities and Provisions	49.64		-13.95	
Income tax paid		45.39		-5.87
		-34.48		-19.18
Net cash from operating activities		226.56		200.45
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment		-54.44		-33.19
Value of discarded assets		-0.11		-0.03
Sale of Property, Plant and Equipment		1.57		0.40
Income from Investments		1.16		0.89
Income from Inter Corporate Deposit		0.05		0.03
Inter Corporate Deposit		–		-4.40
Net cash used in investing activities		-51.77		-36.30

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018 (Contd.)

	Year ended 31-03-2018 ₹ crores	Year ended 31-03-2018 ₹ crores	Year ended 30-03-2017 ₹ crores	Year ended 30-03-2017 ₹ crores
C CASH FLOW FROM FINANCING ACTIVITIES				
Increase / decrease in Unsecured Loans		-3.61		-6.29
Increase / decrease of non-current borrowings		-19.28		-21.51
Increase / decrease in Working Capital Borrowings		–		-97.28
Dividend and Dividend tax paid		-15.18		-7.59
Interest and financing charges paid		-13.02		-21.78
Net cash used for financing activities		-51.09		-154.45
Net increase in cash and cash equivalents (I)		123.70		9.70
Cash and cash equivalents as at 31-03-2017 (II)		20.11		10.41
Cash and cash equivalents as at 31-03-2018 (I+II)		143.81		20.11

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

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

N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing Director & Secretary

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

K S KASI VISWANATHAN
Managing Director

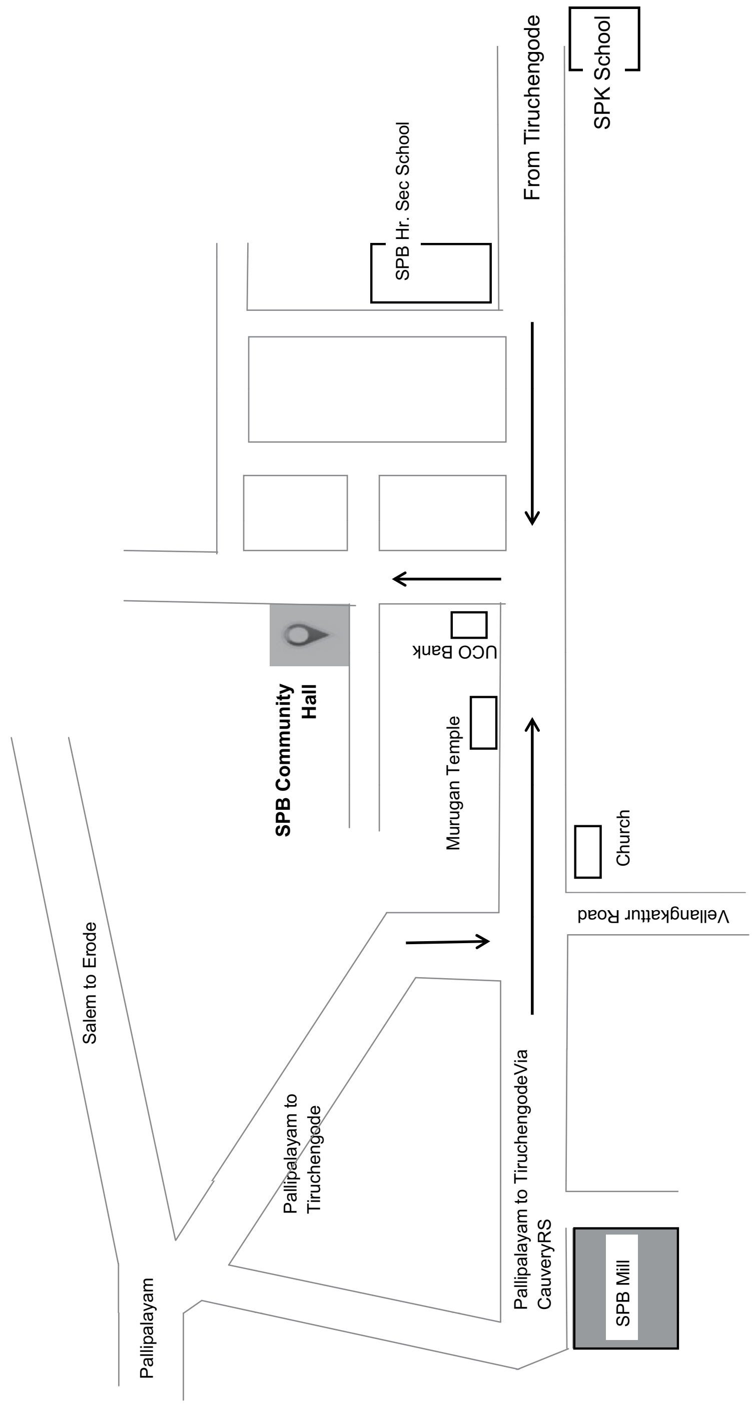
Chennai
May 26, 2018

Financial Highlights - Ten years at a glance

(₹ crores)

For the year	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Total Revenue	561.99	537.70	597.21	643.75	882.23	1069.50	1074.05	1087.40	1174.81	1127.19
Total Expendtiure	494.79	415.98	480.79	540.21	772.16	940.58	978.92	976.07	953.01	910.60
PBIDT	67.20	121.72	116.42	103.54	110.07	128.92	95.13	111.33	221.80	216.59
Finance Costs	17.00	28.40	21.65	24.32	44.46	38.71	37.21	32.29	23.20	14.30
Depreciation & Exceptional Item	26.29	33.61	34.00	34.26	49.14	48.97	32.51	28.76	30.62	27.10
PBT	23.91	59.71	60.77	44.96	16.47	41.24	25.41	50.28	167.98	175.19
Tax expense	8.88	19.78	-4.23	10.86	-4.04	14.45	8.06	14.70	39.94	52.30
PAT	15.03	39.93	65.00	34.10	20.51	26.79	17.35	35.58	128.04	122.89
EPS - ₹	13.36	35.49	57.78	30.31	16.26	21.24	13.75	28.20	101.51	97.43
Cash EPS - ₹	44.36	82.95	84.24	60.04	52.02	71.52	45.92	62.66	128.99	131.82
Dividend - %	35	60	50	50	40	40	40	50	100	150
As at the year end										
Gross Block	743.67	754.11	764.98	770.98	1078.17	1070.74	1088.86	1088.58	667.82	735.13
Net Block	527.95	505.78	483.45	455.74	714.83	675.24	661.79	675.47	637.20	672.65
Loan Funds	370.42	325.40	397.55	219.70	434.77	390.10	328.86	344.54	176.51	153.80
Net Worth	192.53	224.59	283.05	310.61	363.24	384.13	392.99	420.98	581.99	701.56
Book Value per Share - ₹	171	200	252	276	288	305	312	334	461	556

Route Map for the venue of AGM



FOR MEMBERS HOLDING SHARES IN DEMAT FORM

BANK ACCOUNT PARTICULARS / NECS MANDATE FORM

I / We .... do hereby authorise you to update the Bank account particulars as under :

DP ID Number : ....

Client Account Number : ....

Particulars of Bank Account

a) Bank Name : ....

b) Branch Name : ....

Address *(for Mandate only)* : ....

c) 9 Digit Code number of the Bank & Branch as appearing on the MICR cheque : ....

d) Account Type *(Saving / Current)* : ....

e) Account Number as appearing on the cheque book : ....

f) STD Code & Telephone Number : ....

....

Signature of the Beneficiary holder

Mail To ☛ Your Depository Participant with whom you have your demat account

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for 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) Account Type *(Saving / Current)* : ....

e) Account Number as appearing on the cheque book : ....

f) STD Code & Telephone Number : ....

I / We shall not hold the Company responsible if the NECS, could not be implemented or the Company discontinue(s) the said services, for any reason.

....

Signature of the Shareholder

Mail To ☛

Messrs Integrated Registry Management Services Private Ltd.
2nd Floor, "Kences Towers"
No.1, Ramakrishna Street
North Usman Road, T Nagar
Chennai - 600 017

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for 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 58th Annual General Meeting of the Company, to be held on Saturday, 21st July 2018, 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 31st March 2018 and Report of Directors and Auditors thereon.	Ordinary Resolution		
2	Declaration of Dividend for the year 2017-18.	Ordinary Resolution		
3	Ratification of appointment of M/s R Subramanian and Company LLP and re-appointment of M/s Maharaj N R Suresh and Co., Chartered Accountants as Statutory Auditors.	Ordinary Resolution		

Resolution No.	Description of Resolution	Type of Resolution	Optional	
			For	Against
4	Re-appointment of Sri V Pichai, Deputy Managing Director & Secretary	Ordinary Resolution		
	Special Business :			
5	Payment of remuneration to Cost Auditor M/s S Mahadevan & Co., Cost Accountants.	Ordinary Resolution		

Signed this……….................….… day of……………….....……….2018

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.

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, 2018

(₹ lakhs)

Sl No.	Particulars	Standalone					Consolidated	
		3 months ended			Year ended		Year ended	
		31 03 2018	31 12 2017	31 03 2017	31 03 2018	31 03 2017	31 03 2018	31 03 2017
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	**Revenue from Operations**							
	a) Revenue from Operation (Including Excise duty)	34790	29482	33047	111779	116667	111817	116705
	b) Other Income	467	207	356	940	814	886	789
	Total Income	**35257**	**29689**	**33403**	**112719**	**117481**	**112703**	**117494**
2	**Expenses**							
	a) Cost of Materials consumed	15538	14540	13653	56140	55979	56140	55979
	b) Purchase of Stock-in-Trade	858	571	977	2920	4030	2920	4030
	c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3186	1759	2815	199	(-) 224	199	(-) 224
	d) Excise Duty	–	–	1578	1314	5908	1314	5908
	e) Employee benefits expense	1343	1829	1363	6836	6972	6836	6972
	f) Finance Costs	434	330	752	1430	2320	1430	2322
	g) Depreciation and amortization expense	702	834	617	3194	3062	3199	3068
	h) Cost of Power and Fuel	3824	3625	3151	14215	11995	14215	11995
	i) Other expenses	2895	2378	3380	9436	10641	9460	10651
	Total expenses	**28780**	**25866**	**28286**	**95684**	**100683**	**95713**	**100701**
3	**Profit (Loss) from Ordinary Activities after Finance costs but before Exceptional items**	**6477**	**3823**	**5117**	**17035**	**16798**	**16990**	**16793**
4	**Share of Profit / (Loss) of Associate**	–	–	–	–	–	**92**	**439**
5	Exceptional Items	–	484	–	484	–	484	–
6	**Profit / (Loss) from Ordinary Activity Before Tax (3+4+5)**	**6477**	**4307**	**5117**	**17519**	**16798**	**17566**	**17232**

(₹ lakhs)

Sl No.	Particulars	Standalone					Consolidated	
		3 months ended			Year ended		Year ended	
		31 03 2018	31 12 2017	31 03 2017	31 03 2018	31 03 2017	31 03 2018	31 03 2017
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
7	**Tax expenses**							
	Current Tax	1310	848	2299	3602	3590	3609	3598
	Deferred Tax	771	367	(-) 1057	1628	404	1628	404
	Total Tax Expenses	2081	1215	1242	5230	3994	5237	4002
8	**Net Profit / (Loss) from Ordinary Activities After Tax (6-7)**	**4396**	**3092**	**3875**	**12289**	**12804**	**12329**	**13230**
9	Other Comprehensive Income (OCI) i). Items that will not be reclassified to Statement of Profit and Loss							
	(a) Remeasurement benefit of the Defined Benefit Plans	(-) 425	–	(-) 196	(-) 425	(-) 196	(-) 425	(-) 196
	(b) Income Tax on re-measurement benefit of the Defined Benefit plans	147	–	68	147	68	147	68
	(c) Equity Instruments through other Comprehensive Income	297	303	652	1464	1368	1464	1368
	(d) Share of OCI of Associate	–	–	–	–	–	55	29
10	**Total Other Comprehensive Income**	**19**	**303**	**524**	**1186**	**1240**	**1241**	**1269**
11	**Total Comprehensive Income for the period (8+9)** (Comprising Profit and other Comprehensive income for the period)	**4415**	**3395**	**4399**	**13475**	**14044**	**13570**	**14499**
12	Paid-up Equity Share Capital *(Face value ₹ 10)*	1261	1261	1261	1261	1261	1261	1261
13	Reserves, excluding Revaluation Reserves, as per Balance Sheet of previous accounting year				56938	43653	59234	45494
14	Earnings Per Share of ₹ 10 each *(not annualised)*							
	(a) Basic	34.85	24.51	30.72	97.43	101.51	97.74	104.89
	(b) Diluted	34.85	24.51	30.72	97.43	101.51	97.74	104.89

STATEMENT OF ASSETS AND LIABILITIES:

(₹ lakhs)

Sl No.	Particulars	Standalone				Consolidated			
		As at 31 03 2018		As at 31 03 2017		As at 31 03 2018		As at 31 03 2017	
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
A	**ASSETS**								
1	**Non-Current Assets**								
	(a) Property, Plant and Equipment	67069		63641		67069		63641	
	(b) Capital Work in Progress	2682		4075		2682		4075	
	(c) Other Intangible Assets	196		79		196		79	
	(d) Investment Property	–		–		114		118	
	(e) Financial Assets								
	(i) Investments	9859		8396		10838		9287	
	(ii) Loans	2399		2567		2399		2567	
	(f) Goodwill on Consolidation	–		–		1178		1178	
	(g) Other Non-Current Assets	335		945		335		944	
	Sub-total – Non Current Assets		**82540**		**79703**		**84811**		**81889**
2	**Current Assets**								
	(a) Inventories	15778		12897		15778		12897	
	(b) Financial Assets								
	(i) Trade Receivables	10645		10551		10686		10571	
	(ii) Cash and cash equivalents	2483		1825		2493		1851	
	(iii) Bank balances other than (ii) above	11805		83		11888		160	
	(iv) Loans	–		206		–		206	
	(v) Others	81		564		88		571	
	(c) Current Tax Assets (Net)	63		194		65		195	
	(d) Other Current Assets	2290		3501		2290		3501	
	Sub-total – Current Assets		**43145**		**29821**		**43288**		**29952**
	TOTAL – ASSETS		**125685**		**109524**		**128099**		**111841**

(₹ lakhs)

Sl No.	Particulars	Standalone				Consolidated			
		As at 31 03 2018		As at 31 03 2017		As at 31 03 2018		As at 31 03 2017	
		(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	68895		56938		71286		59234	
	Sub-total – Equity		**70156**		**58199**		**72547**		**60495**
2	**Non-Current Liabilities**								
	(a) Financial Liabilities								
	(i) Borrowings	9180		11684		9180		11684	
	(ii) Other financial liabilities	1600		1530		1600		1530	
	(b) Other liabilities	439		548		439		548	
	(c) Provisions	1655		1078		1655		1078	
	(d) Deferred Tax Liabilities (Net)	9748		8307		9748		8307	
	Sub-total – Non Current Liabilities		**22622**		**23147**		**22622**		**23147**
3	**Current Liabilities**								
	(a) Financial Liabilities								
	(i) Borrowings	–		–		–		–	
	(ii) Trade Payables	23644		18806		23646		18806	
	(iii) Other financial liabilities	7605		7172		7626		7193	
	(b) Other current liabilities	991		1273		991		1273	
	(c) Provisions	595		927		595		927	
	(d) Current Tax Liabilities	72		--		72		--	
	Sub-total – Current Liabilities		**32907**		**28178**		**32930**		**28199**
	TOTAL – EQUITY AND LIABILITIES		**125685**		**109524**		**128099**		**111841**

Notes:

1 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 25, 2018 and May 26, 2018.

2 The Company has adopted IND AS (Indian Accounting Standards) with effect from 1st April, 2017. Accordingly, the Corresponding quarterly / annual result of the previous year is restated. Reconciliation of Net Profit reported in accordance with Indian GAAP to Net Profit as per IND-AS prior to Other Comprehensive Income for quarter / year ended March 31, 2017 is given below:

(₹ lakhs)

Sl. No.	Particulars	Profit reconciliation			Reserve reconciliation	
		Standalone		Consolidated	Standalone	Consolidated
		Quarter Ended	Year Ended	Year Ended	As at	As at
		31 03 2017	31 03 2017	31 03 2017	31 03 2017	31 03 2017
1	**Net Profit / Reserves as per previous Indian GAAP**	**3954**	**12885**	**13289**	**53721**	**56265**
2	Impact on Fair valuation of Financial Assets	(-) 260	(-) 262	(-) 262	(-) 348	(-) 348
3	Allocation of Defined Benefit Plan in OCI	196	196	196	–	–
4	Impact of Fair Valuation of Interest Free Sales Tax Loan	110	110	110	110	110
5	Impact of effective Interest rate on borrowings	(-) 192	(-) 192	(-) 192	(-) 153	(-) 153
6	Other IND AS Adjustments	(-) 10	(-) 10	(-) 10	(-) 10	(-) 10
7	Deferred Tax Impact on Sl No.2 to 6.	77	77	77	161	161
8	Effect of remeasurement on adoption of Ind AS in CFS	–	–	22	–	(-) 248
9	Fair Valuation of Investments through OCI	–	–	–	4434	4434
10	Deferred Tax Re-measurement Balance Sheet Approach	–	–	–	(-) 977	(-) 977
11	**Net Profit before OCI / Other Equity as per IND AS**	**3875**	**12804**	**13230**	**56938**	**59234**

3. Due to severe drought conditions and depleted availability of water from River Cauvery and River Tamirabarani, besides planned shut for addition of some major equipment, the Company suffered production loss during the first quarter of the current financial year in both the Units.

4 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.

5 Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, Total Income from Operations are disclosed net of GST. Accordingly, Total Income from Operations for the quarter and year ended March 31, 2018 are not comparable with the previous period and year presented in the results.

6 Exceptional Item represents compensation received pursuant to Interim Award passed by Tamil Nadu State Government for acquisition of land belonging to the Company including structures for construction of Railway over bridge.

7 MAT Credit Entitlement / MAT credit availed was adjusted against Current Tax till the end of quarter ending December 2017 as per the earlier Guidance Note issued by ICAI while it is adjusted against Deferred Tax as per IND AS 12 and the latest Guidance Note issued by ICAI. However, the total tax expense will not undergo any revision.

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

9 The Board of Directors has recommended payment of dividend at ₹ 15 per Equity Share of ₹ 10 each for the year 2017-18.

(By Order of the Board)

FOR SESHASAYEE PAPER AND BOARDS LIMITED

Place : Chennai
Date : May 26, 2018

N GOPALARATNAM
Chairman