

Seshasayee Paper and Boards Limited



Sixtieth Annual Report

2019-20

DIRECTORS

Sri N GOPALARATNAM, *Chairman*

Sri V SRIDAR

Dr S NARAYAN, I A S (Retd.)

Sri A L SOMAYAJI

Dr NANDITHA KRISHNA

Mr MOHAN VERGHESE CHUNKATH, I A S (Retd.)

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

Sri DEEPAK SRIVASTAVA, I F S, *Nominee of
Govt. of Tamilnadu*

Sri K S KASI VISWANATHAN, *Managing Director*

Sri V PICHAI, *Deputy Managing Director & Secretary*

AUDITORS

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

M/s R SUBRAMANIAN AND COMPANY LLP, Chennai

COST AUDITOR

M/s S MAHADEVAN AND CO., Coimbatore

SECRETARIAL AUDITOR

M/s B K SUNDARAM & ASSOCIATES, Trichy

BANKS

CANARA BANK

STATE BANK OF INDIA

REGD. OFFICE

PALLIPALAYAM, CAUVERY RS PO,
ERODE - 638 007, NAMAKKAL DISTRICT,
TAMIL NADU
CIN : L21012TZ1960PLC000364



— SESHASAYEE PAPER AND BOARDS LIMITED —

COMPOSITION OF COMMITTEES

AUDIT COMMITTEE

Sri V Sridar	Chairman of the Committee
Dr S Narayan, IAS (Retd.)	Member
Sri A L Somayaji	Member
Sri Mohan Verghese Chunkath IAS (Retd.)	Member
Sri N Gopalaratnam	Member

NOMINATION CUM REMUNERATION COMMITTEE

Sri V Sridar	Chairman of the Committee
Dr S Narayan, IAS (Retd.)	Member
Sri A L Somayaji	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Sri V Sridar	Chairman of the Committee
Sri N Gopalaratnam	Member
Sri V Pichai	Member

CSR COMMITTEE

Sri N Gopalaratnam	Chairman of the Committee
Sri V Sridar	Member
Sri K S Kasi Viswanathan	Member
Sri V Pichai	Member

PROJECT COMMITTEE

Sri N Gopalaratnam	Chairman of the Committee
Sri V Sridar	Member
Sri K S Kasi Viswanathan	Member
Sri V Pichai	Member

AUDITORS

STATUTORY AUDITORS

M/s Maharaj N R Suresh & Co.

Chartered Accountants
New No.9, old No.5, II Lane,
II Main Road, Trustpuram,
Kodambakkam, Chennai - 600024
Telephone: 044 - 24724932, 24837583
E-mail: mnrssuresh56@gmail.com

M/s R Subramanian and Company LLP

Chartered Accountants
Door No.6 (old No.36),
Krishnaswamy Avenue,
Luz, Mylapore, Chennai - 600004,
Telephone: 044 - 2499226, 24991347
E-mail: rs@rscompany.co.in

INTERNAL AUDITOR

M/s Suri & Co.

Chartered Accountants
Park Circle, 2nd Floor, No. 20, Moores Road,
Thousand Lights, Chennai - 600006,
Telephone: 044 - 24341140, 24341150
E-mail: chennai@suriandco.com

COST AUDITOR

M/s S Mahadevan & Co.

Cost Accountants
Old No.158, New No.112, 'Sri Abhirami',
First Floor, Dr. Radhakrishna Road,
Tatabad, Coimbatore - 641012,
Telephone: 0422 - 2491276, 6517868
E-mail: s.mahadevan.co@gmail.com

SECRETARIAL AUDITOR

B K Sundaram & Associates

Practicing Company Secretaries
29, Pandamangalam Agraharam
Woriur, Tiruchirappalli - 620003
Telephone: 0431 - 2761590
E-mail: bkksoffice@gmail.com

SESHASAYEE PAPER AND BOARDS LIMITED

Financial Highlights - Ten years at a glance

(₹ crores)

For the year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Revenue	597.21	643.75	882.23	1069.50	1074.05	1087.40	1174.81	1127.19	1348.30	1207.85
Total Expenditure	480.79	540.21	772.16	940.58	978.92	976.07	953.01	910.60	1029.40	917.14
PBIDT	116.42	103.54	110.07	128.92	95.13	111.33	221.80	216.59	318.90	290.71
Finance Costs	21.65	24.32	44.46	38.71	37.21	32.29	23.20	14.30	13.81	6.89
Depreciation & Exceptional Item	34.00	34.26	49.14	48.97	32.51	28.76	30.62	27.10	33.78	35.00
PBT	60.77	44.96	16.47	41.24	25.41	50.28	167.98	175.19	271.31	248.82
Tax expense	-4.23	10.86	-4.04	14.45	8.06	14.70	39.94	52.30	81.31	74.22
PAT	65.00	34.10	20.51	26.79	17.35	35.58	128.04	122.89	190.00	174.60
EPS - ₹ *	11.56	6.06	3.25	4.25	2.75	5.64	20.30	19.49	30.13	27.68
Cash EPS - ₹ *	16.85	12.00	10.40	14.30	9.18	12.53	25.80	26.36	39.16	37.84
Dividend - %	50	50	40	40	40	50	100	150	200	200
As at the year end										
Gross Block	764.98	770.98	1078.17	1070.74	1088.86	1088.58	667.82	735.13	767.58	806.08
Net Block	483.45	455.74	714.83	675.24	661.79	675.47	637.20	672.65	671.86	674.59
Loan Funds	397.55	219.70	434.77	390.10	328.86	344.54	176.51	153.80	100.05	11.75
Net Worth	283.05	310.61	363.24	384.13	392.99	420.98	581.99	701.56	867.76	998.46
Book Value per Share - ₹ *	50.40	55.20	57.60	61.00	62.40	66.80	92.20	111.20	137.60	158.40

* Consequent to the approval of the shareholders of the Company in the Annual General Meeting held on July 27, 2019, the Company had completed sub-division of Equity Share of face value of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/- (Two) each fully paid up. This sub-division was made effective August 21, 2019 (with August 20, 2019 as Record Date).

* For comparison purposes, the per share value of EPS, Cash EPS and Book Value for the 10 years, restated for face value equivalent to ₹ 2 per share.


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NOTICE

 Notice is hereby given that the 60th Annual General Meeting (AGM) of the Company will be held on Saturday, the 08th August 2020 at 11.00 AM (IST) through Video Conferencing (VC) 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, 2020 and the reports of the Board of Directors and Auditors thereon.

2 Declaration of Dividend

To declare a dividend on Equity Shares.

SPECIAL BUSINESS

3 Appointment of Director, not liable to retire by rotation

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

“RESOLVED THAT Tmt. E Sundaravalli, IAS, (DIN: 08769721), be and is hereby appointed as a Director of the Company, not liable to retire by rotation”.

4 Re-appointment of Sri N Gopalaratnam as Chairman

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel)

Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri N Gopalaratnam (DIN : 00001945) as Chairman with executive powers of the Company, for a period of 3 (three) years with effect from April 01, 2020, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors, hereinafter referred to as “the Board”, which term shall be deemed to include the Nomination-cum-Remuneration Committee of the Board, to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri N Gopalaratnam, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

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

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri K S Kasi Viswanathan

(DIN : 00003584) as Managing Director of the Company, for a period of 3 (three) years with effect from April 01, 2020, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors, hereinafter referred to as “the Board”, which term shall be deemed to include the Nomination-cum-Remuneration Committee of the Board, to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri K S Kasi Viswanathan, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

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

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri V Pichai (DIN : 00263934) as Deputy Managing Director & Secretary of the Company, for a period of 3 (three) years with effect from

April 01, 2020, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors, hereinafter referred to as “the Board”, which term shall be deemed to include the Nomination-cum-Remuneration Committee of the Board, to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Sri V Pichai, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

7 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 2020-21, 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”.

8 Payment of Commission to Non Whole-time Directors

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

“RESOLVED THAT the consent of the Company be and is hereby accorded for payment of commission to Non Whole-time Directors out of the net profits of the Company, over and above the Sitting Fees, for a period of three financial years from April 01, 2019.

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

RESOLVED FURTHER THAT the commission be divisible among the Directors in such manner and proportion as the Board of Directors may deem fit, subject to a ceiling of ₹ 10 lakhs (Rupees Ten lakhs only) per annum to each Non Whole-time Director.

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

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

(V PICHAI)
Deputy Managing Director & Secretary

Erode
July 13, 2020

Notes :

1 AGM thro’ Video Conference (VC)

Pursuant to the General Circular Nos. 20/2020, 14/2020, 17/2020, issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79, issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as “the Circulars”), Companies are allowed to hold AGM through VC, without the physical presence of Members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.

2 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. Since the AGM is being held in accordance with the MCA Circulars through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

However, Body Corporates who are Members of the Company, are entitled to appoint authorised representatives to attend the AGM through VC and participate thereat and cast their votes through e-voting.

3 Quorum

Participation of Members through VC will be reckoned for the purpose of quorum for the AGM, as per Section 103 of the Companies Act, 2013 (“the Act”).

4 Register of Directors

The Register of Directors and Key Managerial Personnel and their shareholding, as maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, as maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All documents

referred to in the Notice will also be available for inspection electronically, without payment of any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. August 08, 2020. Members, seeking to inspect such documents, can send an e-mail to investor@spbltd.com.

5 Particulars of Directors

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

6 Book Closure

The Register of Members and the Share Transfer Books will be closed from Thursday, the July 30, 2020 to Saturday, the August 08, 2020 (both days inclusive).

7 Record Date

The Record Date, for the purpose of determining the entitlement of Members to the Dividend declared for the Financial Year 2019-20, will be July 29, 2020.

8 Dividend

The Board of Directors, at their meeting held on May 30, 2020, has recommended payment of Dividend of ₹ 3.50 plus a Diamond Jubilee Special Dividend of ₹ 0.50, totaling to a Dividend of ₹ 4.0 per Equity Share of face value of ₹ 2 each, for the financial year 2019-20.

On declaration of the Dividend as above, at the AGM, the same will be paid on Monday, the August 10, 2020, electronically to those Members who have updated their bank account details with their DP or with the Company / RTA. The payment of such Dividend is subject to deduction of tax at source.

For Members who have not updated their bank account details, dividend warrants / demand drafts will be sent to their registered addresses once the postal facility is available, for delivery to the concerned address. To avoid delay in receiving the Dividend, Members are requested to update their KYC with their Depository Participants (DP) or with

the Company / RTA to receive the Dividend directly into their bank account on the payout date.

9 Tax deduction at source

Members may note that the Income Tax Act, 1961, ("the IT Act"), as amended by the Finance Act, 2020, mandates that Dividend paid or distributed by a Company after April 01, 2020 shall be taxable in the hands of Members. The details in this regard are given in Appendix - B to this Notice.

10 Form 15 G / 15 H

Declaration in Form No. 15G (applicable to any person other than a Company or a firm) / Form 15H (applicable to an Individual who is 60 years and older), fulfilling certain conditions to claim exemption from deduction of tax at source should be sent to the RTA on or before July 29, 2020. Please download Form 15G / 15H from the Income Tax website www.incometaxindia.gov.in

11 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 68 of the Annual Report and lodge their claim, if any, immediately with the RTA / Investor Education and Protection Fund. Any assistance required by the Members may write to the Company or its RTA.

12 In compliance with the above mentioned MCA Circulars and SEBI Circular, dated May 12, 2020, Notice of the AGM, along with the Annual Report for 2019-20 is sent only through electronic mode, to those Members whose e-mail addresses are registered with their Depository Participants or with the RTA.

Members may note that the Notice and Annual Report for 2019-20 will also be available on the Company's website, www.spbltd.com, websites of the Stock Exchanges, viz., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL, <https://www.evoting.nsdl.com>.

Instructions to Members for attending the AGM through VC is given in Appendix - C.

13 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 and Regulation 44 of SEBI (Listing Obligation & Disclosure Requirements) Regulations 2015, as amended from time to time, the Company provides facility for its Members to exercise their voting right by electronic means.

Process and manner of e-Voting, containing detailed instructions, is given in Appendix - D.

(b) Voting at the Annual General Meeting (E-Voting during the AGM)

Members present in the AGM through VC and who have not cast their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through the e-Voting system during the AGM. The Procedure for e-Voting on the day of AGM is same as the instructions given for Remote E-Voting in Appendix - D.

Members who need assistance before or during the AGM with use of technology, can send a request to 'evoting@nsdl.com' or use Toll-free No.1800-22-990 or Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: 'pallavid@nsdl.co.in' or at telephone No.+91-022-24994545.

14 Permanent Account Number

SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA.

15 Route Map

Since the AGM will be held through VC, the Route Map is not annexed to this Notice.

16 Nomination Facility

As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The form can be downloaded from the Company's website www.spbltd.com. Members are requested to submit these details to their DP in case the shares are held by them in electronic form and to the RTA in case the shares are held in physical form.

- 17** The Scrutiniser will submit his report to the Chairman of the Company ('the Chairman') or to any other person authorised by the Chairman after the completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through Remote e-Voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutiniser's Report shall be communicated to the Stock Exchanges, NSDL and RTA and will also be displayed on the Company's website, www.spbltd.com.

(By Order of the Board)

For Seshasayee Paper and Boards Limited

(V PICHAI)

Deputy Managing Director & Secretary

Erode

July 13, 2020

STATEMENT

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

Item No. 3

Appointment of Tmt. E Sundaravalli, IAS, as a Director of the Company, not liable to retire by rotation

Consequent to nomination received from The Tamilnadu Industrial Investment Corporation Limited, Tmt. E Sundaravalli, IAS, was appointed as an Additional Director by the Board of Directors, in the place of Dr. (Tmt.) M Aarthi, IAS, at their meeting held on July 13, 2020.

Tmt. E Sundaravalli, IAS retires at this meeting under Section 161 of the Companies Act, 2013, read with Article 90 of the Articles of Association of the Company. Notice as required under Section 160 of the Companies Act, 2013, has been received by the Company from a Member proposing the appointment of Tmt. E Sundaravalli, IAS, as a Director of the Company, not liable to retire by rotation.

TIIC, a Government of Tamil Nadu Undertaking, is the single largest shareholder of our Company, holding 14.27% of the Equity Share Capital of the Company. TIIC had always held the right, vide the earlier Articles of Association, to appoint a Nominee Director not liable to retire by rotation, in the Board of our Company. In line with the provisions of Companies Act, 2013 and the present Articles of Association of the Company, approval of the Shareholders is herewith sought for appointment of Tmt. E Sundaravalli, IAS as a Nominee Director not liable to retire by rotation.

Tmt. E Sundaravalli, IAS, has filed with the Company her consent under Section 152 of the Companies Act, 2013, to act as a Director, if appointed. This may be treated as notice under Section 160 of the Companies Act, 2013.

A copy of the Resolution of the Board of Directors and other relevant documents in this regard are available for inspection by the Members at the Registered Office of the Company, during business hours, on any working day prior to the date of the meeting.

Tmt. E Sundaravalli, IAS, is concerned and interested in her appointment and none of the other Directors / Key Managerial Personnel of the Company and their relatives is concerned or interested in the said appointment except to the extent of their shareholding in the Company.

Item No. 4

Re-appointment of Sri N Gopalaratnam as Chairman

The current term of Sri N Gopalaratnam, as Chairman with executive powers expired on March 31, 2020. The Board of Directors at their meeting held on March 28, 2020, reappointed Sri N Gopalaratnam as Chairman of the Board of Directors of the Company, with executive powers for a further period of three years from April 01, 2020.

The Board of Directors at their meeting held on May 30, 2020, approved the remuneration package, on the recommendations of the Nomination cum Remuneration Committee, as under, subject to the approval of Members in General Meeting:

I Remuneration

(a) Salary

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

(b) Performance Incentive

As may be determined by the Nomination-cum-Remuneration Committee / Board from time to time, subject to a maximum of 200% of the annual salary.

II Perquisites

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

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

III General

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

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

Sri N Gopalaratnam was last appointed as Chairman for a period of three years from April 01, 2017. The said appointment and remuneration package as determined by the Nomination cum Remuneration Committee of the Board and the Board of Directors were later approved by the Members of the Company at the Fifty Seventh Annual General Meeting held on July 29, 2017. He has completed his term as Chairman on March 31, 2020.

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

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

His achievements include :

- Successful completion of a major Expansion/ Modernization programme in June 2000, costing nearly ₹ 190 crores, to increase the production capacity of the Unit : Erode from 60 000 tonnes per annum to 1 15 000 tonnes per annum, besides modernization of some of the existing facilities.
- Establishment of a 20 MW Captive Power Plant at a cost of ₹ 65 crores, to achieve economies in energy front and make the Company achieve substantial savings in energy costs, besides making it self-sufficient in Power. This Project was a 'Vision Project' of Sri N Gopalaratnam, especially when Tamilnadu State was facing unprecedented power shortage from the State Grid.
- Successful implementation of a major Mill Development Plan, during 2006-07, at a cost of ₹ 350 crores, to improve and sustain the environmental compliance performance of the Company in line with the Charter on Corporate Responsibility for Environmental Protection (CREP).
- The Project envisaged total replacement of the existing Wood Pulping Equipment of the Mill which was more than 30 years old with a 350 tonnes per day used Pulp Mill from USA, equipped with advanced technological feature, like RDH Pulping, a new modern Chemical Recovery Boiler (in the place of existing two Chemical Recovery Boilers), a Black Liquor Evaporation Plant, a Lime Re-burning Kiln and a Turbo Alternator Set.
- Successful acquisition and quick turnaround of Subburaj Paper Mills in Tirunelveli capable of producing 90 000 tonnes of fine printing and writing papers in the year 2011.

In a quick span of two years the Unit recorded more than 90% capacity utilisation of its then operating capacity of 60 000 tonnes per annum and achieved cash break-even.

- Successful completion of Phase I and II of the Project Mill Development Plan - II, in Unit : Erode, at a total cost of ₹ 125 crores.
- Successful completion of the Mill Expansion Plan in Unit : Tirunelveli at a cost of ₹ 75 crores.
- Currently, the Company is implementing Mill Development Plan - III at Unit : Erode at a cost of ₹ 315 crores. At this critical juncture, the continued leadership and services of Sri N Gopalaratnam are considered essential for sustained growth of the Company.
- Sri N Gopalaratnam pioneered in securing ISO 9001, ISO 14001, OHSAS 18001, Forest Stewardship Council Certification / accreditations to the Company. With sustained exports, the Company enjoys Two Star Export House status.
- Thanks to his continued vision and guidance, the Company had launched a programme in association with CII to convert the Company a Green Company. This resulted in the Company winning the recognition with “Tamil Nadu Pollution Control Board Green Award” for the year 2017 for the excellent contribution to Environment protection. (Golden award for green initiative from CII).

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

Sri N Gopalaratnam has crossed the age of 70 years. As required under Provision to Section 196(3)(a), approval of the Members, for the re-appointment of Sri N Gopalaratnam as Chairman, is sought through a Special Resolution at this Annual General Meeting.

Sri N Gopalaratnam's appointment as Director on the Board of the Company was on the basis of his being liable to retire by rotation. He will continue

to be the Director of the Company till his turn comes for retirement by rotation. He is eligible to seek re-election at the Annual General Meeting in which he retires by rotation.

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

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

In terms of Part III of Schedule V to the Companies Act, 2013, the appointment and remuneration as above shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval under item No. 4 in the Notice.

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

No Director / Key Managerial Personnel or their relatives, other than Sri N Gopalaratnam is concerned or interested in this item of business, except to the extent of their shareholding in the Company.

Item No. 5

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

The current term of Sri K S Kasi Viswanathan, as Managing Director expired on March 31, 2020. The Board of Directors at their meeting held on March 28, 2020, reappointed Sri K S Kasi Viswanathan, as Managing Director of the Company for a further period of three years from April 01, 2020.

The Board of Directors at their meeting held on May 30, 2020, approved the remuneration package, on the recommendations of the Nomination cum Remuneration Committee, as under, subject to the approval of Members in General Meeting:

I Remuneration

(a) Salary

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

(b) Performance Incentive

As may be determined by the Nomination-cum-Remuneration Committee / Board from time to time, subject to a maximum of 200% of the salary.

II Perquisites

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

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

III General

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

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

Sri K S Kasi Viswanathan was last appointed as Managing Director for a period of three years from April 01, 2017. The said appointment and remuneration package as determined by the Nomination cum Remuneration Committee of the Board and the Board of Directors were later approved by the Members of the Company at the Fifty Seventh Annual General Meeting held on July 29, 2017. He has completed his term as Managing Director on March 31, 2020.

Sri K S Kasi Viswanathan is a Chemical Engineer (B Tech. from the Regional Engineering College, Trichy) and MMS from University of Madras. Sri K S Kasi Viswanathan has, to his credit, nearly 43 years of industrial experience, majority of which has been spent in ESVIN-SPB Group companies. He has gained considerable exposure in management of integrated paper mills, besides Project Implementation. He is largely responsible for the efficient operations of the Mill, as well as for the successful implementation of the various Expansion / Modernisation and Mill Development Projects undertaken from the year 2000 onwards.

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

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

He could achieve this by identification of the inadequacies in the existing facilities. His role in bringing together all productive forces at the mill site, establish good relations with the community nearby, ensure proper approvals are in place for un-interrupted operations of the mill are commendable. He also played leadership role in successful completion of Mill Development Plan - II at Unit: Erode at a cost of ₹ 125 crores and a Mill Expansion Plan at Unit: Tirunelveli at a cost of ₹ 75 crores.

Currently, the Company is implementing Mill Development Plan - III at Unit : Erode at a cost of ₹ 315 crores. At this critical juncture, it is essential for the Company to have his continued services for its future growth.

Sri K S Kasi Viswanathan will be crossing the age of 70 years during the ensuing period of appointment. As required under Provision to Section 196(3)(a), approval of the Members, for the re-appointment of Sri K S Kasi Viswanathan as Managing Director, is sought through a Special Resolution at this Annual General Meeting.

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

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

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

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

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

No Director / Key Managerial Personnel or their relatives, other than Sri K S Kasi Viswanathan is concerned or interested in this item of business, except to the extent of their shareholding in the Company.

Item No. 6

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

The current term of Sri V Pichai, as Deputy Managing Director and Secretary expired on March 31, 2020. The Board of Directors at their meeting held on March 28, 2020, reappointed Sri V Pichai as Deputy Managing Director and Secretary of the Company for a further period of three years from April 01, 2020.

The Board of Directors at their meeting held on May 30, 2020, approved the remuneration package, on the recommendations of the Nomination cum Remuneration Committee, as under, subject to the approval of Members in General Meeting:

I Remuneration

(a) Salary

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

(b) Performance Incentive

As may be determined by the Nomination-cum-Remuneration Committee / Board from time to time, subject to a maximum of 200% of the salary.

II Perquisites

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

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

III General

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

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

Sri V Pichai was last appointed as Deputy Managing Director and Secretary for a period of three years from April 01, 2017. The said appointment and remuneration package as determined by the Nomination cum Remuneration Committee of the Board and the Board of Directors were later approved by the Members of the Company at the Fifty Seventh Annual General Meeting held on July 29, 2017. He has completed his term as Deputy Managing Director and Secretary on March 31, 2020.

Sri V Pichai is a Chartered Accountant and a Company Secretary. His qualifications are B.Com., ACA, ACS and CAIIB. He has to his credit more than 48 years of experience. After a short stint of 7 years in a Nationalized Bank, Sri V Pichai joined the Company in 1980. He has

served the Company for over four decades. He has managed admirably various functional areas of the Company, viz., Accounts, Finance, Legal, Taxation, Secretarial, etc.

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

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

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

For funding the acquisition as well as for its working capital facilities also, he was responsible to source the entire funds at competitive interest rates. The success achieved in all these fronts by Sri V Pichai were really timely and commendable.

Also, the Company successfully implemented a Mill Development Plan at Unit: Erode at a cost of ₹ 125 crores and a Mill Expansion Plan at Unit : Tirunelveli at a cost of ₹ 75 crores. For these Projects also, Term Loan finance has been secured from Banks by Mr V Pichai.

Currently, the Company is implementing Mill Development Plan - III at Unit : Erode at a cost of ₹ 315 crores. At this critical juncture, it is essential for the Company to have his continued services for its future growth.

Sri V Pichai has crossed the age of 70 years. As required under Proviso to Section 196(3)(a), approval of the Members, for the re-appointment of Sri V Pichai as Deputy Managing Director & Secretary, is sought through a Special Resolution at this Annual General Meeting.

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

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

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

In terms of Part III of Schedule V to the Companies Act, 2013, the appointment and remuneration as above shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval under item No. 6 in the Notice.

A copy of the Resolution of the Nomination cum Remuneration Committee / Board of Directors and other relevant documents in this regard are available for inspection by the Members at

the Registered Office of the Company during business hours on any working day prior to the date of the meeting.

No Director / Key Managerial Personnel or their relatives, other than Sri V Pichai is concerned or interested in this item of business, except to the extent of their shareholding in the Company.

Item No. 7

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.

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 2020-21 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 / Board and other relevant documents are available for inspection of the Members during business hours on any working day prior to the date of the meeting.

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

Item No. 8

Payment of Remuneration to Non Whole-time Directors

The Shareholders in their 57th Annual General Meeting had authorised payment of commission to Non Whole-time Directors upto the permissible ceiling under Section 197 of the Companies Act, 2013 for a period of three years from April 01, 2016.

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

It is accordingly proposed to seek fresh authorisation of Shareholders by way of an Ordinary Resolution for the payment of commission to Non Whole-time Directors for

a tenure of three financial years from April 01, 2019.

Copies of relevant Resolutions of the Nomination-cum-Remuneration Committee / Board and other relevant documents are available for inspection of the Members during business hours on any working day prior to the date of the meeting.

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

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

(V PICHAI)
Deputy Managing Director & Secretary

Erode
July 13, 2020

Appointment / Re-appointment of a Directors :

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

TMT. E SUNDARAVALLI, IAS:

Director Identification Number	:	08769721
Date of Birth & Age	:	03 05 1973 (47 years)
Date of Appointment	:	13 07 2020
Qualification	:	IAS
Expertise in specific functional areas	:	Addl. Secretary, Industries Department, Government of Tamilnadu Managing Director, The Tamilnadu Industrial Investment Corporation Limited. (Government of Tamilnadu Undertaking).
Number of shares held in the Equity Capital of the Company	:	Nil
Relationship with other Directors	:	She is not related to any other Director
Directorship in other companies	:	Tamilnadu Industrial Investment Corporation Limited (TIIC).
Committee positions held in other Companies	:	Nil

SRI N GOPALARATNAM

Director Identification Number	:	00001945
Date of Birth & Age	:	15 04 1947 (73 years)
Date of Appointment	:	26 12 1987 as a Director 01 04 1988 as a Managing Director 28 07 2001 as Chairman and Managing Director 01 04 2014 as Chairman 01 04 2020 as Chairman
Qualification	:	B.Sc., BE (Mech)
Expertise in specific functional areas	:	Mechanical Engineer with more than 48 years of Specialisation in design, operation and Management of Pulp and Paper Industry.
Number of shares held in the Equity Capital of the Company	:	46155 (of Face Value ₹ 2 each)
Relationship with other Directors	:	He is not related to any other Director
Directorship in other companies	:	Ponni Sugars (Erode) Limited High Energy Batteries (India) Limited Esvi International (Engineers & Exporters) Limited Time Square Investments Private Limited
Committee positions held in other Companies	:	Ponni Sugars (Erode) Limited <ul style="list-style-type: none"> - Stakeholders Relationship Committee - Chairman - Nomination-cum-Remuneration Committee - Member High Energy Batteries (India) Limited <ul style="list-style-type: none"> - Stakeholders Relationship Committee - Chairman

SRI K S KASI VISWANATHAN

Director Identification Number	:	00003584
Date of Birth & Age	:	28 03 1951 (70 years)
Date of Appointment	:	29 01 2005 as Director (Operation) 01 04 2008 as Deputy Managing Director 01 04 2014 as Managing Director 01 04 2020 as Managing Director
Qualification	:	B. Tech., MMS
Expertise in specific functional areas	:	He is a Chemical Engineer (B Tech. from the Regional Engineering College, Trichy and MMS from University of Madras). He has to his credit nearly 41 years of Industrial experience, majority of which has been with the SPB Group Companies. He has gained excellent exposure in management of integrated paper mills, besides Project Implementation. He is largely responsible for the efficient operations of the Mill. He is in charge of production operations, Project Implementation and Human Resources Development. He reports to the Chairman.
Number of shares held in the Equity Capital of the Company	:	2910 (of Face Value ₹ 2 each)
Relationship with other Directors	:	He is not related to any other Director
Directorship in other companies	:	Nil
Committee positions held in other Companies	:	Nil

SRI V PICHAI

Director Identification Number	:	00263934
Date of Birth & Age	:	12 09 1947 (72 years)
Date of Appointment	:	29 01 2005 as a Director (Finance) & Secretary 01 04 2014 as Deputy Managing Director & Secretary 01 04 2020 as Deputy Managing Director & Secretary
Qualification	:	B.Com., ACA, ACS, CAIIB
Expertise in specific functional areas	:	He is a Chartered Accountant and a Company Secretary. His qualification is B.Com., ACA, ACS and CAIIB. He has to his credit nearly 48 years of experience. After a short stint of 7 years in a National Bank, he joined the Company in 1980. He has completed over 40 years of service in the Company. He has managed admirably various functional area 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	:	42695 (of Face Value ₹ 2 each)
Relationship with other Directors	:	He is not related to any other Director
Directorship in other Companies	:	Dhanashree Investments Private Limited Time Square Investments Private Limited Ultra Investments and Leasing Company Private Limited
Committee / executive positions held in other companies	:	Nil

Appendix-B

Tax Deduction at Source (TDS) provisions under the Income Tax Act, 1961, for Resident and Non-Resident shareholder categories, on the Dividend payment:

This appendix provides the applicable Tax Deduction at Source (TDS) provisions under the Income Tax Act, 1961 for Resident and Non-Resident shareholder categories.

I For Resident Shareholders :

Pursuant to the changes introduced by the Finance Act 2020, with effect from April 01, 2020, the Company would be required to

withhold taxes at the prescribed rates on the dividend paid to its Shareholders. The withholding tax rate would vary depending on the residential status of the shareholder and the documents submitted by them and accepted by the Company. Accordingly, the above referred Dividend will be paid after deducting the tax at source as follows :

Particulars	Applicable Rate *	Document Required (if any)
With PAN	7.5%	Update the PAN, if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents - Integrated Registry Management Services Pvt. Ltd (in case of shares held in physical mode).
Without PAN / with Invalid PAN	20%	
Submitting Form 15G / 15H	Nil	Declaration in Form No. 15G (applicable to any person other than a Company or a firm) / Form 15H (applicable to an Individual who is 60 years and older), fulfilling certain conditions. Please download Form 15G/15H from the Income Tax website www.incometaxindia.gov.in .
Submitting Order under Section 197 of the Income Tax Act, 1961 (Act)	Rate provided in the Order	Lower / NIL in accordance with tax certificate obtained from tax authority.
Shareholders (e.g. LIC, GIC) for whom Section 194 of the Act is not applicable	Nil	Shareholders (e.g. LIC, GIC) for whom Section 194 of the Act is not applicable.
Persons Covered under Section 196 of the Act (e.g. Mutual Funds, Govt.)	Nil	Documentary evidence that the person is covered under said Section 196 of the Act.

* Notwithstanding the above, tax would not be deducted on payment of dividend to resident Individual shareholder, if total dividend to be paid for Financial Year 2019-20 does not exceed ₹ 5,000/-.

II Non-Resident Shareholder:

Particulars	Applicable Rate	Document Required (if any)
Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	None
Other Non-resident shareholders	20% (plus applicable Surcharge and Cess) (or) Tax Treaty Rate** (whichever is lower)	In order to apply the Tax Treaty rate, following documents would be required: 1) Copy of Indian Tax Identification number (PAN), if available. 2) Tax Residency Certificate (TRC) obtained from the tax authorities of the Country of which the Shareholder is a resident. 3) Form 10F duly filled in and signed. 4) Self-declaration from Non Resident, primarily covering the following: - Non Resident is eligible to claim the benefit of respective Tax Treaty.
		- Non Resident receiving the dividend income is the beneficial owner of such income. - Dividend income is not attributable / effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
Submitting Order under Section 197 (i.e. lower or NIL withholding tax certificate)	Rate provided in the Order	Lower / NIL withholding tax certificate obtained from tax authority.

** The Company is not obligated to apply the beneficial Tax Treaty Rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non Resident Shareholder and review to the satisfaction of the Company.

Shareholders who are exempted from TDS provisions through any Circular or Notification shall provide documentary evidence in

relation to the same, to enable the Company in applying the appropriate TDS on Dividend payment to such Shareholder.

The aforesaid documents, as applicable, should be received by e-mail to kalyan@integratedindia.in on or before on July 29, 2020 to enable the Company to determine the appropriate TDS/ withholding tax rate applicable.

No communication on the tax determination/ deduction received post July 29, 2020 shall be considered for payment of Dividend.

If the tax on said Dividend is deducted at a higher rate in the absence of receipt of or satisfactory completeness of the afore-mentioned details / documents by July 29, 2020, the Shareholder may claim an appropriate refund in the return of income filed with their respective Tax Authorities.

No claim shall lie against the Company for such taxes deducted.

The Company will arrange to email a soft copy of the TDS Certificate at the Shareholders registered e-mail ID in due course, post payment of the said Dividend. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>

We request your cooperation in this regard.

III For Shareholders having multiple accounts under different status / category:

Shareholders holding shares under multiple accounts under different status / category and

single PAN, may note that higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

The afore-mentioned documents are required to be e-mailed as mentioned below:

Resident Shareholders to send to	: kalyan@integratedindia.in
Non- Resident Shareholders to send to	: kalyan@integratedindia.in

These documents should reach us on or before July 29, 2020 in order to enable the Company to determine and deduct appropriate TDS / withholding tax. No communication on the tax determination / deduction shall be entertained post July 29, 2020.

It may be further noted that in case the tax on said Dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents from you, there would still be an option available to you to file the return of income and claim appropriate refund, if eligible.

Disclaimer : This Appendix shall not be treated as an advice from the Company or its Registrar & Transfer Agent. Shareholders should obtain the tax advice related to their tax matters from a tax professional.

Instructions for participation thro' Video Conferencing :

Step 1:	Access the VC portal in NSDL website: https://www.evoting.nsdl.com/	<p>System requirements for best VC experience :</p> <p><i>Internet connection :</i></p> <p>Broadband, wired or wireless (3G or 4G / LTE), with a speed of 5 Mbps or more.</p> <p><i>Microphone and Speakers :</i></p> <p>Built-in or USB plug-in or wireless Bluetooth.</p> <p><i>Browser :</i></p> <p>Google Chrome : Version 72 or latest Mozilla Firefox : Version 72 or latest Microsoft Edge Chromium : Version 72 or latest Safari : Version 11 or latest Internet Explorer : Not Supported</p> <p>Helpline Numbers :1800-222-990</p>
Step 2:	<p>Log in to join the VC session by using your DP ID and Client ID / Folio Number together with your PAN.</p> <p>a) <i>Members with NSDL account :</i></p> <p>8-character DP ID followed by 8-digit Client ID. (For example, if your DP ID is IN300*** and Client ID is 12*****, then your User ID is IN300***12*****).</p> <p>b) <i>Members with CDSL account :</i></p> <p>16-digit Beneficiary ID (For example, if your Beneficiary ID is 12***** , then your User ID is 12*****).</p> <p>c) <i>Members with Physical Folio :</i></p> <p>EVEN + Folio Number registered with the Company (For example, if your folio Number is 0*****, then your User ID is EVEN0*****)</p>	
	<p><i>Note :</i> Institutional / Corporate Shareholders are required to upload the Board Resolution / Authorisation Letter authorising its representatives to attend the AGM through VC.</p>	
Step 3:	Click 'Join AGM!' link against EVENT No. 113067 to join the virtual AGM.	
Step 4:	Members can post questions either through chat or video feature available in the VC. Members can exercise these options once the floor is open for Shareholder queries.	
Step 5:	Members who have not cast their vote on the Resolutions through Remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through the e-Voting System during the AGM by clicking the link, https://www.evoting.nsdl.com/	

General Guidelines for participation in Video Conferencing :

- i. Members may note that the 60th AGM of the Company will be convened through VC in compliance with the applicable provisions of the Companies Act, 2013, read with the Circulars. The facility to attend the meeting through VC will be provided by the Company. Members may access the same at [https:// www.evoting.nsdl.com/](https://www.evoting.nsdl.com/).
 - ii. Members can join the AGM in the VC mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available for 1,000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM without restriction on account of first come first served basis.
 - iii. The Company reserves the right to limit the number of Members asking questions depending on the availability of time at the AGM.
 - iv. Members can participate in the AGM through their desktops / smartphones / laptops etc.
- However, for better experience and smooth participation, it is advisable to join the meeting through desktops / laptops with high-speed internet connectivity.
- v. Please note that participants connecting from mobile devices or tablets, or through laptops via mobile hotspot may experience audio / video loss due to fluctuation in their respective networks. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any of the aforementioned glitches.
 - vi. Shareholders who would like to express their views / ask questions during the meeting, may register themselves as a speaker by sending their request mentioning their name, demat account number / folio number, email id, mobile number at investors@spbltd.com on or before 05.00 PM IST on Monday, 3rd August 2020. Members, who register themselves as speaker Shareholders would receive a separate link from the Company, thro' which they may join and raise questions during the AGM, as and when allowed by the moderator for the meeting. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.
 - vii. Shareholders may also send their questions in advance mentioning their name demat account number / folio number, email id, mobile number at investors@spbltd.com, on or before 05.00 PM IST on Monday, the 3rd August 2020. The same will be replied by the Company suitably.

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, and Regulation 44 of the SEBI Listing Regulations, as amended from time to time, the Company is pleased to provide Members facility to exercise their right to vote at the 60th 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 August 01, 2020 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 / participate in the AGM through VC 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) Members holding shares in dematerialised form and whose e-mail IDs are not registered with the Company/ Depository Participants, as well as for Members holding shares in physical form, may follow the process detailed below for registration of e-mail ID to obtain User ID / Password for e-voting and updation of Bank account mandate, for receipt of Dividend :

Type of holder	Process to be followed	
	Registering Email address	Updating Bank account details
Physical	Send a request to the RTA of the Company, Integrated Registry Management Services Pvt. Ltd at kalyan@integratedindia.in providing Folio No., Name of Member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) for registering email address.	<p>Send a request to the RTA of the Company, Integrated Registry Management Services Pvt. Ltd at kalyan@integratedindia.in providing Folio No., Name of Member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar card) for updating bank account details.</p> <p>The following additional details need to be provided in case of updating bank account details :</p> <ul style="list-style-type: none"> ◇ Name and address of the branch of the Bank in which you wish to receive the dividend, ◇ Bank account type, ◇ Bank account number allotted by their Banks after implementation of core banking solutions ◇ 9 digit MICR Code Number ◇ 11 digit IFSC ◇ a scanned copy of the cancelled cheque leaf bearing the name of the first Member.
Demat	Please contact your DP and register your e-mail address and Bank account details in your demat account, as per the process advised by your DP.	

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 phone 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 August 05, 2020 (9:00 AM) and ends on August 07, 2020 (5:00 PM). During this period, Members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date of August 01, 2020, 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 August 01, 2020.

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

(B) E-voting during AGM :

1. The procedure for e-Voting during AGM is the same as the instructions mentioned above for Remote e-Voting.

2. Members who have cast their vote by Remote e-Voting are also entitled to attend the AGM, but they cannot cast their vote at the AGM.

The Chairman will fix the time for voting at the meeting.

(C) General Instructions

1. The cut-off date for the purpose of e-Voting has been fixed as August 01, 2020. 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 sending of the notice and holding shares as of cut-off date, may obtain the login ID and Password by sending a request at evoting@nsdl.co.in. However, if he / she is already registered with NSDL for Remote e-Voting then he / she can use his / her

existing user ID and password for casting the vote.

3. Voting rights of Shareholders shall be in proportion to their shareholding in the Company as on the cut-off date of August 01, 2020.

4. Sri K Sankarasubramanian, Practicing Company Secretary (Membership No. A 26989) has been appointed as the Scrutiniser.

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

(i) First count the votes cast at the meeting thro e-Voting.

(ii) Then unblock the votes cast through Remote 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 Remote 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.

6. 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 Resolutions shall be deemed to be passed on the date of AGM.

DIRECTORS' REPORT

7 The Directors hereby present their Sixtieth Annual Report and the Audited Accounts for the year ended March 31, 2020.

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

WORKING RESULTS

	2019-20 (in tonnes)	2018-19 (in tonnes)
Production	1 97 547	2 09 015
Sales	1 87 271	2 07 971
	(₹ crores)	(₹ crores)
Revenue from Operations	1183.98	1325.24
Other Income	23.87	23.06
Total Revenue	1207.85	1348.30
Profit before interest, depreciation, exceptional item and tax	290.71	318.90
Finance Cost	6.89	13.81
Depreciation	35.00	33.78
Exceptional Item	--	--
Profit before tax	248.82	271.31

	2019-20 (₹ crores)	2018-19 (₹ crores)
Profit before tax	248.82	271.31
Provision for current tax	45.17	58.20
Transfer to / (from) Deferred Tax	29.05	23.11
Net Profit	174.60	190.00

DIVIDEND

The Board of Directors has recommended payment of Dividend of ₹ 3.50 plus a Diamond Jubilee Special Dividend of ₹ 0.50, totalling to a Dividend of ₹ 4.00 per Equity Share of face value of ₹ 2 each, for the financial year 2019-20, absorbing a sum of ₹ 25.23 crores.

As per the provisions of the Income tax Act, 1961, as amended by the Finance Act, 2020, Dividend Distribution Tax is not applicable in respect of Dividends declared, distributed or paid by the Company after March 31, 2020. The same will be taxed in the hands of the Shareholders.

As per Ind AS 10, Events after the reporting period, Proposed Dividend on Equity Shares being a non-adjusting event at the Balance Sheet date, is not recognised as a liability in the accounts for the year ended March 31, 2020. The same will be recognised in the year of payment, viz., year ending March 31, 2021.

APPROPRIATIONS

	2019-20 (₹ crores)
Net profit for the year	174.60
Add: Surplus brought forward from the previous year	156.38
Carried over	330.98

	2019-20 (₹ crores)
Brought forward	330.98
<i>Less:</i>	
Re-measurement of Defined Benefit Plans	0.80
Dividend paid during the year (For Financial Year 2018-19)	25.23
Tax on Dividend distribution	5.18
Transfer to General Reserve	100.00
Balance carried forward	199.77

OPERATIONS

PRODUCTION

During the year, the production at Unit : Erode was 1 25 313 tonnes of paper, as compared to 1 32 379 tonnes, produced in the previous year. Production was lower by 7 066 tonnes, compared to the previous year. Reduction was mainly due to shuts availed in the Paper Machine during the year for upgradation works, poor market conditions and also on account of plant operations being shut down in the last week of March 2020 due to Covid-19 lockdown.

Unit : Erode also produced 35 083 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

Unit : Tirunelveli produced 72 234 tonnes of Paper during the year, as compared to 76 636 tonnes, produced in the previous year. The production was lower by 4 402 tonnes, compared to the previous year. The reduction was mainly due to planned shuts, for maintenance activities and also on account of plant operations being shut down in the last week of March 2020 due to Covid-19 lockdown.

Overall Production for the Company was 1 97 547 tonnes of Paper and Boards for the year, as compared to 2 09 015 tonnes produced, in the previous year.

SALES

After taking into account 443 tonnes towards in-house consumption, Unit : Erode sold 1 17 576 tonnes, against the production of 1 25 313 tonnes. The Finished Goods Inventory as at March 31, 2020 was 7 294 tonnes (As on March 31, 2019 - Nil).

In addition, Unit : Erode, as part of its trading activity, had sold petroleum products valued at ₹ 25.62 crores and 27 tonnes of Note Books. Closing Stock of Traded Goods was 6 tonnes, as on March 31, 2020.

Unit : Tirunelveli sold 69 695 tonnes after taking into account 2 tonnes towards in-house consumption. The Finished Goods Inventory as at March 31, 2020 was 2 537 tonnes (As on March 31, 2019 - Nil).

In addition, Unit : Tirunelveli as part of its trading activities had sold 338 tonnes of Note Books. Closing stock of traded goods was 452 tonnes as on March 31, 2020.

The overall sale of Paper and Paper Boards effected by the Company during the year, was 1 87 271 tonnes, compared to 2 07 971 tonnes, sold during the previous year.

PROFITABILITY

The Revenue from Operations of the Company for the year was ₹ 1183.98 crores, as against ₹ 1325.24 crores, in the previous year.

Profit before interest, depreciation, exceptional item and tax was ₹ 290.71 crores, for the Company as a whole, compared to ₹ 318.90 crores, in the previous year.

After absorbing interest and depreciation of ₹ 6.89 crores and ₹ 35.00 crores respectively, the Profit before tax (PBT) was ₹ 248.82 crores, as compared to ₹ 271.31 crores, in the previous year.

The Company registered a lower PBT by 8.3% compared to previous year, mainly due to :

- ◇ Lower Sales volumes.
- ◇ Drop in Net Sales Realisations in the current year.
- ◇ Nationwide lockdown, disrupting plant operations and resulting in higher finished goods inventory of Paper as on March 31, 2020, with domestic markets and markets outside of India getting closed down, during the last week of March 2020 amidst Covid-19 pandemic.

For the year ended 31st March 2020, current tax liability works out to ₹ 45.17 crores, as against a liability of ₹ 58.20 crores in the previous year. The Deferred Tax liability, net of MAT Credit Entitlement utilisation, amounted to ₹ 29.05 crores for the year ended 31st March 2020, as against a charge of ₹ 23.11 crores in the previous year.

As a result, profit after tax for the year ended March 31, 2020 was ₹ 174.60 crores, as compared to ₹ 190.00 crores, in the previous year.

FINANCE

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

During the year, the Company had repaid all its Term Loans borrowed from banks and became a Debt free company, with NIL outstanding to Banks / Financial Institutions from December 2019 onwards. The Company reports NIL debt position as on March 31, 2020.

INTEREST FREE SALES TAX DEFERRAL LOAN

The Company repaid ₹ 3.10 crores during the year and the balance outstanding as on March 31, 2020 was ₹ 11.75 crores.

MARKET CONDITIONS

The year began on a strong note for the Paper Industry, continuing with the strong market sentiments witnessed during the earlier year. Realisations in Domestic and International Markets continued to be favourable in Q1 of 2019-20.

The weakening of demand and the consequent pressure on the selling prices commenced in the latter half of the 2nd Quarter and continued thro' to the subsequent 2 quarters, mainly due to following factors :

- ◇ Deceleration in the growth of Indian Economy with falling GDP growth, month after month.
- ◇ Huge increase in imports of paper by Traders, from ASEAN countries, China, Korea, etc, taking advantage of Import Duty concessions available for such imports.
- ◇ Reduction in prices of pulp and consequent reduction in prices of paper in the overseas markets, triggering larger imports into India and creating price-war with domestic suppliers.

The paper market reached a trough in the last week of March 2020, amidst the Lockdown of key markets in India and across most parts of the Globe, due to Covid-19 pandemic.

Both the units of the Company (Units in Erode and Tirunelveli) had closed down operations from midnight of March 24, 2020, in response to the nation-wide lockdown to curb the spread of Covid-19 Virus.

Until Financial Year 2018-19, the Company had achieved Zero Stock of Finished Goods at the end of Financial Year, in 21 years out of the last 25 years. Though the Company had put in place plans to reach this feat again as on March 31, 2020, the poor market conditions that prevailed from February 2020 onwards, non-availability of trucks with the drivers fearing the virus effect and finally the lockdown announced on March 24, 2020 resulted in the Company holding a Finished Goods inventory of 9831 tonnes at the close of March 31, 2020.

EXPORT PERFORMANCE

Unit : Erode exported 15 324 tonnes of paper during the year, as compared to 16 993 tonnes, exported during 2018-19. The export proceeds in Foreign Currency for the year

2019-20 amounted to US \$ 12 852 220 and AED 1 312 846 (Previous Year Exports - US \$ 15 211 167 and Euro 160 056). For Unit : Erode, in Rupee terms, the value of exports amounted to ₹ 88.40 crores (Previous Year ₹ 107.03 crores). For Unit : Erode, by volumes, exports constituted around 12.23% of the Production as against the 12.84% in the previous year. Unit : Erode also sold 63 tonnes during the year, under deemed exports whose proceeds amounted to ₹ 0.41 crores.

Unit : Tirunelveli exported 21 089 tonnes of Paper during the year, as against 17 825 tonnes, exported during 2018-19. The export proceeds in Foreign Currency amounted to US\$16673504 and EURO 1383280 (Previous Year Exports - US \$ 15 541 015 and Euro 204 930). For Unit : Tirunelveli, in Rupee terms, the value of exports amounted to ₹ 120.51 crores (Previous Year ₹ 111.01 crores). For Unit: Tirunelveli, Exports, by volumes, constituted around 29.20% of the Production as against 23.26% in the previous year. Unit : Tirunelveli also sold 33 tonnes during the year, under deemed exports whose proceeds amounted to ₹ 0.19 crores.

TREE FARMING ACTIVITY

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

In addition, the Company had provided clones of Melia-Dubia, a high yielding fast growing species, suitable for Pulp production 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 fourteen crore Seedlings (Clonal Eucalyptus Seedlings,

bare-rooted Casuarina Seedlings and Melia Dubia Clones) were made available during the year, to farmers at subsidised rates for planting in about 16801 acres of land.

ISO 9001 / ISO 14001 ACCREDITATION

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

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

OHSAS 18001 CERTIFICATION

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

FOREST STEWARDSHIP COUNCIL® FSC-CERTIFICATION

The Company has been certified under four Standards of FSC, viz. FSC-STD-40-004, FSC-STD-40-005, FSC-SSTD-40-003 and FSC-STD-50-001. By this, the Company assures its stakeholders that the wood and wood fibre (pulp) purchased by it are traceable to responsibly managed plantations and that adequate document controls are in place to ensure identification and traceability throughout the Chain of Custody. This also means that the Company is capable of manufacturing and selling FSC 100% and FSC Mix Products in the domestic and international markets.

AWARDS

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

- ◇ "CII Excellent Energy Efficiency Unit Award" & "CII Innovative Project Award"

at the CII's 20th National Award for Excellence in Energy Management.

- ◇ Tamil Nadu State Safety Award.
- ◇ "Star Award" from National Safety Council in Occupational Health, Safety and Environment Awards 2018.

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, 2020, 11 101 Shareholders are holding Shares in Demat form and 4 98 71 055 shares have been dematerialised, representing 79.07% of the total Equity Share Capital.

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 PLAN

After successful completion of the Mill Development Plan - II (Phase - I and II) at Unit : Erode and Mill Expansion Plan in Unit : Tirunelveli in Financial Years 2017-18 and 2018-19, the Company has now embarked on a Mill Development Plan - III (MDP - III) at Unit : Erode at a Cost of ₹ 315 crores.

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

- ◇ Upgradation and Modernisation of the Paper Machines to increase the Capacity from 1 32 000 tonnes per annum to 1 65 000 tonnes per annum.
- ◇ Upgradation and Modernisation of the RDH Pulp Mill to increase the Capacity to 1 54 000 tonnes per annum.

- ◇ Upgradation of the Recovery Island and
- ◇ Augmentation of Waste Water Treatment Plant.

The execution of the Project, MDP-III, has commenced with July 01, 2020 as the Zero Date with an originally planned project execution period of 21 months. However, with some of the major suppliers and service providers, both globally and in India, located in Covid-19 lockdown areas Company expects delay in execution of the project.

Also during the Financial Year 2019-20, the Company had submitted a Composite Scheme of Compromise / Arrangement with the Creditors, Shareholders and other Stakeholders of M/s Servalakshmi Papers Limited (SPL) (Under Liquidation) and subsequent amalgamation of SPL with our Company. The matter is pending before NCLAT.

CURRENT YEAR (2020-21)

The month of April 2020, continued to register a financially stressed performance with most key Markets in India and around the world, remaining closed amidst Covid-19 Pandemic.

Both the units of the Company (Units in Erode and Tirunelveli) had closed down operations from midnight of March 24, 2020, in response to the nation-wide lockdown to curb the spread of Covid-19 Virus.

Subsequently, in response to our representation dated April 10, 2020, the Collector of Namakkal District has given permission on same day to the Company to recommence its operations in Unit : Erode, with minimum employees, following all precautions in every shift and after ensuring full hygienic care and protection of the employees.

Accordingly, the company recommenced its operations in its Unit : Erode on April 13, 2020. Subsequently, Collector, Tirunelveli District also gave permission to recommence operations in our Unit : Tirunelveli and the operations recommenced on April 27, 2020.

The Company has taken all necessary precautions in both the units and has arranged for required Masks, Hand Sanitisers, etc., to ensure protection for all its employees. The Company, in its Unit : Erode, has a Doctor in attendance, to attend to any health issues of the employees.

In Unit : Erode, the Production during April 2020 was 5 715 tonnes, as compared to 10 611 tonnes, produced during April 2019. In Unit : Tirunelveli, the Production was 337 tonnes in April 2020, as against 5 355 tonnes in April 2019. The overall Production for the Company, for the month of April 2020, was 6 052 tonnes. Total Value of Production, during April 2020, amounted to only ₹ 26.15 crores, compared to ₹ 88.67 crores, during April 2019.

During April 2020, 113 tonnes of paper, valued at ₹ 0.59 crores were exported.

ENVIRONMENTAL PROTECTION

The Company continues to provide utmost attention to the conservation and improvement of the environment. In Unit : Erode, the Power Boilers and Recovery Boilers are equipped with Electro Static Precipitators, to arrest dust emissions. The Company has installed and operates an Anaerobic Lagoon, for high BOD liquid effluents and a Secondary Treatment System, for total Mill effluent. These facilities are operating efficiently, enabling the Company to comply with the Pollution Control Authorities, on a sustained basis. The treated effluent water continues to be utilised for irrigating nearby sugar cane fields.

Additional treatment facilities have been proposed for waste water under the Mill Development Plan.

Unit : Tirunelveli is well equipped with efficient Electro Static Precipitator for the Power Boiler and has an extensive green cover. Its treated waste water, after recycling, is used to irrigate the Company owned lands. As part of the Mill Expansion Plan, the Waste Water Treatment Plant has been augmented with a Dissolved Air Floatation Cell and Anaerobic Digester.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY REPORT

Regulation 34(2) of the SEBI (LODR) Regulations requires the listed entities, to include a Business Responsibility Report (BRR) in their Annual Report, describing the initiatives taken by the Company from Environmental, Social and Governance perspective, in the format as specified by SEBI from time to time. Originally, this regulation / reporting requirement was applicable only for the top 500 listed Companies, based on Market Capitalisation (calculated as on March 31 of every financial year).

However, SEBI, vide their amendment to LODR, dated December 26, 2019, has extended this to top 1000 Companies. Our Company was in 678th position (Market Capitalisation in BSE) as on March 31, 2019. Hence, this Regulation on BRR will now be applicable to the Company, with effect from Financial Year 2019-20.

The Company has drafted the Business Responsibility Report, in line with the format prescribed by SEBI, which is given in Annexure - III to the Directors' Report.

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 - IV.

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, 2020 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, SPB Projects and Consultancy Limited repaid the short term Inter Corporate Loan of ₹ 0.60 crores, along with interest, which was extended in the Financial Year 2018-19.

During the year, the Company did not extend any Loan or Guarantee or provided any security or make investment covered under Section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

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

MATERIAL CHANGES AND COMMITMENTS

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

With effect from the last week of the financial year ended on March 31, 2020, the Company's operations were materially impacted by lower production, lower sales, higher Inventory and negative cash generation, due to the lockdown consequent to Covid-19 pandemic.

There are no other material changes and commitments in the business operations of the Company since the close of the financial year on 31st March 2020 to the date of this Report.

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 - VI.

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, the Company has constituted a CSR Committee of the Board and has formulated a CSR Policy. The CSR Report, forming part of this Report, is furnished in Annexure - VII.

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 - VIII.

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. The five year wage / salary agreement with labour unions / staff association expired on March 31, 2019. Negotiations are underway for a new agreement with effect from April 01, 2019.

DIRECTORS

During the year, Tamilnadu Government withdrew the nomination of Sri Shambu Kallollikar, IAS and in his place, nominated Sri Deepak Srivatsava, IFS, the Special Secretary to Government, Environment and Forests Department, as its Nominee Director on the Board of our Company. Sri Deepak Srivatsava, IFS, was appointed as an Additional Director on the Board of the Company on July 27, 2019. He was later appointed by the Shareholders of the Company, vide Postal Ballot on September 18, 2020, as Nominee Director liable to retire by rotation.

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

The Board of Directors at their meeting held on July 27, 2019, based on the performance evaluation and based on the recommendations of the Nomination-cum-Remuneration Committee, formed the opinion that Sri A L Somayaji and Dr Nanditha Krishna (whose first term as Independent Directors expired on September 28, 2019) are persons of integrity and possess relevant expertise and experience and hence could be re-appointed as Independent Directors of the Company. The Board thereupon decided to re-appoint them for a second term as Independent Directors, not liable to retire by rotation, subject to approval by Shareholders of the Company by a Special Resolution.

Approval of the Shareholders, by way of Special Resolution through Postal Ballot,

was obtained on September 18, 2019 for the Re-appointment of Independent Directors, Sri A L Somayaji and Dr Nanditha Krishna, for another term of five years from September 29, 2019 to September 28, 2024.

Dr. (Tmt) M Aarthi, holding office as a Nominee Director (nominated to the Board by the Tamil Nadu Industrial Investment Corporation Limited) had vacated office of Nominee Director under Section 167(1)(b) of Companies Act, 2013, with effect from February 1, 2020. She was re-appointed as Additional Director by the Board on March 28, 2020, on receipt of fresh nomination from the Tamil Nadu Industrial Investment Corporation Limited.

All the Independent Directors have given the declaration that they meet the criteria on independence, as laid down under Section 149(6) of the Companies Act, 2013. The performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the Director being evaluated, at the Board Meeting held on 30th May 2020. The Board, on the basis of such performance evaluation determined to continue the term of appointment of all Independent Directors.

AUDITORS

M/s Maharaj N R Suresh & Co., and
M/s R Subramanian and Company LLP Chartered

Accountants continue to be the Statutory Auditors of the Company.

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

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

Erode
May 30, 2020

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).

As per Fisher International, share of major players in global production capacity in 2019 was:

China	26%	India	4%
USA	15%	Germany	4%
Brazil	6%	Canada	4%
Japan	5%	Others	36%

The four key Paper and Board categories are: Newsprint, Printing and Writing Papers, Paper

Boards for packaging applications and Tissue Papers & 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.

Prior to COVID-19

Moodys, in their 2018 report, had predicted that the outlook for the global Paper and forest products Industry would be 'Stable' based on 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 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%, or 3.9 million metric tonnes.

In addition, this growth comes despite global graphic paper demand shrinking by 2.6% 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% also represented its worst non-recession year ever.

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

According to RISI, in China, graphic markets have transformed because of use of electronic media and economic restructuring in recent years. China's economic growth has slowed from 9% - 10% per annum in 2009-10 to close to 7% in 2014-15 and to less than 7% in 2018-19, as the Government seeks to re-orient the economy from investment driven growth to consumption driven growth. This, combined with a major shift toward digital media usage has slowed Chinese graphic paper demand growth. RISI estimates that demand declined 1% - 2% from 2014-15, a strong contrast to the 6% - 7% demand growth that the market experienced from 2009-10, onwards.

Post COVID-19

"Post COVID-19, the pandemic has caused widespread concern and economic hardship for consumers, businesses and communities across the globe. Manufacturers are facing unique challenges caused by the crisis and forest paper

and packaging producers are no exception" as per a Report from PWC.

The report adds that the companies in the sector must navigate the challenge of simultaneously safeguarding employee wellbeing, managing potentially disrupted supply chains and evaluating tumultuous economic and capital market conditions.

Outlook for the Industry (both global and domestic) post COVID-19 is discussed in subsequent sections.

Domestic

India's paper production, in the year 2017-18 is estimated at 18.91 million tonnes as per CPPRI. This would put the per capita consumption of India at 15 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 14-15 kgs is significantly lower than the world average of around 57 kgs. India's per capita consumption is considerably lower than China's 65 kgs, Indonesia's 22 kgs, Malaysia's 25 kgs, and of course USA's 312 kgs consumption levels. This indicates the ample scope available for expansion of the Indian Paper Industry.

While the market size and per capita consumption are relatively low, they have exhibited a rising trend over past several years, from 9.3 million tonnes in 2008 to 17.37 million tonnes in 2016. As per CARE Ratings, the total paper consumption has grown at a CAGR of around 6.4% over last decade with none of the last ten years showing a decline in consumption demand. The long-term demand outlook for the Indian paper industry remains 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 grow at a healthy 7.0% - 7.5% over the next 5 years. Printing and writing paper is expected to rise at 4% - 4.5% CAGR against 3.6% between 2010-11 and 2015-16 on account of a likely pick-up from the education sector with improving literacy rates and Government schemes. Speciality Paper is expected to continue growing at about 9%-11%.

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

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

The Industry, faced considerable challenges in 2014-15 and in 2015-16, resulting in build-up of inventory and erosion in manufacturers' margins. Poor growth in demand, consequent on a sluggish economy, unabsorbed excess capacity in the Industry, product substitution and competition from imports were largely responsible for the lacklustre performance of the Industry. However, the Industry is projected to grow to reach 23.00 million tonnes of production by 2024-25, driven by the enhanced emphasis placed on education and promotion of literacy by the Government and higher demand for packaging grades due to rising retail trade and e-commerce.

Paper Companies posted a sharp turnaround in 2017-18 and 2018-19. Domestic paper demand remained buoyant as closure of stressed domestic

capacities led to supply constraints. Reduced Raw Material and power prices had aided profit growth, according to Money Control.com

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

On the supply side, the industry saw significant capacity additions of 1.6 million MT during FY09-FY11 (~15% of domestic paper capacity in FY09) particularly in the Printing and Writing Paper segment. The bunching of these capacities resulted in over-supply scenario during FY11 and FY12 as these incremental capacities could not be absorbed in the market. As a result, most players saw significant build-up of inventories as well as pricing pressures from FY12 onwards. But with steady growth in demand, the market has now started absorbing these incremental supplies.

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

(ii) Opportunities and Threats

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

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

- ◇ availability of qualified technical manpower with capability to design, build and manage world scale pulp and paper mills.
- ◇ well established Research and Development (R & D) facilities / activities encouraging innovation.
- ◇ potential for creation of sustainable raw material base through farm plantations for wood and agro residues.

The following competitive weaknesses and threats confront the Industry:

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

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

International Competitiveness is the key issue that is confronting the Indian Paper Industry, today especially in the context of Government's resolve

to bring down import tariff every year and RTAs/ FTAs entered into with ASEAN / SAARC countries.

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

(iii) Segment-wise or Product-wise performance

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

(iv) Risks and Concerns

- ◇ Post COVID-19, a huge downturn in the fortunes of Paper Industry is predicted. Ind-Ra expects a decline in paper demand in FY 21, given the hit on demand from packaging, education, corporate and print media sectors due to the prolonged nation-wide lockdown.
- ◇ Printing and writing paper segment which is the prime grade among company's products, is expected to be impacted more severely in the near term.
- ◇ The company is taking necessary steps to weather this storm by strengthening its marketing network, as well as the supply chain in addition to maintaining its liquidity to overcome extended periods of low-sales and poor revenue collections.
- ◇ 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 past 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 and 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 14.50 crores of Casuarina and Eucalyptus seedlings in about 6720 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. Profitability of the Company will be impacted by possible price increase of Coal as well as possible weakening of Indian Rupee, considering the dependence of the Company on Imported Coal.
- ◇ 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.
- ◇ Undue fluctuation in the exchange rate between Indian Rupee and US Dollar will impact the margins of the Company.

(v) Outlook for 2020

Global

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

It is in this background, almost overnight, the trajectory of the global economy has changed completely. Heading into 2020, there was some minor lingering concern about continued deceleration in China. However, the US economy was demonstrating underpinnings of strong growth, Europe was muddling along as expected

and the slowdown in China seemed to be easing. The consensus outlook was for a stable first half of the year, before seeing an acceleration in the latter half of 2020 and into 2021.

As report from RISI states “the COVID-19 pandemic has changed that picture drastically. Now, China is in the very early stages of recovery after implementing draconian measures to contain the virus. The delayed response in the US and Europe is quickly evolving into a strong and all-encompassing response. The economic impact from these measures will be exceptionally disruptive, and has increased the likelihood of a recession significantly. The global economy has already shown signs of substantial slowing, and the downside risk has risen exponentially in terms of both likelihood and severity”.

The pandemic's impact will be particularly significant in Europe and the US, where consumer demand has been the key driver for economic growth in recent years. With consumption down and business interactions significantly limited due to restrictions, curtailments and quarantine, major economic growth contributors are missing. The service sector is likely to be one of the most vulnerable, and its potential problems could cause the rebound in growth to be somewhat slower than expected.

According to Moody's outlook for the global paper and forest products, industry remains negative.

This reflects Moody's expectation that the industry's global operating income will decline five to seven per cent over the next 12-18 months.

Declining demand and lower paper packaging (both corrugated and consumer packaging), commodity paper and market pulp prices will be only partially offset by increasing wood product prices and modestly stronger demand for tissue, specialty paper and pulp.

Coronavirus will pressure demand and drive prices lower. The global economic outlook is deteriorating as the outbreak spreads. While logistics disruptions may temporarily slow paper

and forest product exports to and from China and other affected areas, such as Korea and Italy, the impact on global demand will likely be far worse than on global production. This will result in oversupply across many regions, which will drive prices for most grades lower.

Domestic

Ind-Ra expects a decline in paper demand in FY 2021, given the hit on demand from packaging, education, corporate and print media sectors due to the nation-wide lockdown, continued disruption in industrial production and supply chains for 20-30 days thereafter and lingering infection concerns for a few weeks. Ind-Ra expects a recovery in demand in Q-2 of FY 2020 with resumption of education and corporate sectors, driving demand for writing and printing paper (WPP) and a gradual normalisation of manufacturing and logistics, pushing packaging demand. However, there could be downside risks if the lockdown is extended. Besides, domestic paper producers have already been facing volume pressure from rising imports, which grew 18% yoy in 10M of FY 2020, significantly faster than the growth in domestic demand. While logistical disruption could provide a temporary relief, the import threat continues with subdued pulp prices and the possibility of overseas manufactures pushing their inventory amid a weak global demand, post normalisation of logistics.

Demand for WPP is hit by the closure of most educational institutions since the beginning of March and a gradual adoption of work from home (WFH) by companies. Professional courses could see a higher usage of the digital platform in the near-term. With restrictions and concerns around the COVID-19 pandemic, Ind-Ra expects WPP demand to be the worst hit in Q-1 of FY 2021.

Import threat looms after temporary respite. Paper import, which accounts for 15%-20% of the domestic demand, grew around 18% yoy in 10M of FY 2020 with a moderation in global pulp prices. Ind-Ra however believes the imports would get constrained till normalcy is restored in India, post which Chinese manufactures are likely to push the built-up inventory, though Rupee depreciation

will impact prices. This, coupled with a subdued demand environment and high stocks in the supply chain, would weigh on paper prices for most of the grades.

(vi) Internal control systems and their adequacy

- ◇ The Company maintains all its records in ERP system developed in-house and the work flow and majority of approvals are routed through this system.
- ◇ The Company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as Internal Auditors for periodically checking and monitoring the internal control measures.
- ◇ Internal Auditors are present at the Audit Committee Meetings where Internal Audit Reports are discussed alongside of management comments and the final observation of the Internal Auditor.

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

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

	2019-20 (in tonnes)	2018-19 (in tonnes)
Production	1 97 547	2 09 015
Sales	1 87 271	2 07 971
	(₹ crores)	(₹ crores)
Profit before interest, depreciation, exceptional item and tax	290.71	318.90
Finance Cost	6.89	13.81
Depreciation	35.00	33.78
Profit before tax	248.82	271.31

The Management reviewed the significant changes in the financial ratios and have noted a favourable and positive change in most of the ratios due

to better operational performance, in-spite of adverse market conditions, as explained later in this section.

		Financial Year		% Change - Inc / (Dec)	Remarks
		2019-20	2018-19		
1	Revenue from Operations (RFO) - ₹ crores	1183.98	1325.24	(-)10.7%	◇ Drop in Volumes by 10.0% and balance due to drop in Net Realisations.
	Ratios - % on RFO				
2	Other Income	2.0%	1.7%	16%	◇ No Major Variance.
3	EBIDTA Margin	24.6%	24.1%	2%	◇ Company could marginally improve on margin %, inspite of the adverse market conditions.
4	PBIT Margin (Operating Margin)	21.6%	21.5%	--	
5	PAT Margin	14.7%	14.3%	3%	
	Other P&L Ratios				
6	Return on Net Worth (PAT / Equity)	17.5%	21.9%	(-) 20 %	◇ Drop in % terms is mainly due to expansion of Net Worth in the current year and drop in absolute value of PAT.
7	Interest Coverage Ratio (PBIT / Interest) in times	37.11	20.65	80 %	◇ Better Operating margins and repayment on Term Loans resulting in better interest coverage.
	Balance Sheet Ratios				
8	Gross Debt (^) to Equity Ratio	1 : 97.8	1 : 8.9		◇ Significant increase in operating margins and reduction in cash conversion cycle resulted in significant increase in cash generation, which consequently resulted in significant Improvement in the Debt Equity Ratio.
9	Net Debt to Capital Ratio	(-) 45.9%	(-) 32.4%		◇ Net Debt to Capital Ratio is Negative due to the cash and bank balances being significantly higher than the Gross Debt.

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

		Financial Year		% Change - Inc / (Dec)	Remarks
		2019-20	2018-19		
10	Networth per Share (Face Value of ₹ 2 each)	158.32	137.59	15 %	◇ Consequent to increase in Retained Earnings, as a result of higher Total Comprehensive Income.
11	Current Ratio ##	2.61	2.03		◇ Increase is mainly due to increase in inventories, reduction in trade payables and reduction in other financial liabilities.
12	Debtors Turnover Ratio (as a % on RFO)	6.8%	6.0%		◇ Marginal increase due to the tough market conditions in the month of March 2020.
13	Inventory Turnover Ratio (as a % on RFO)	14.3%	10.2%		◇ Mainly due to Finished Goods Inventory at the end of current year, as against NIL Finished Goods Inventory at the end of previous year.

For Current Ratio, Current Liability excludes "Current Maturities on Long Term Loans".

The Company registered a lower PBT in absolute value, by 8.3% compared to previous year, mainly due to nationwide lockdown announced by Government, disrupting plant operations and higher finished goods inventory of Paper at the close of March 31, 2020, with most markets in India and abroad closed down, during the last week of March 2020 amidst Covid-19 pandemic.

Even amidst adverse market Conditions, the Company could maintain the margin %, at marginally better levels than previous year.

The negative impact, arising out of drop in sales volumes and reduction in Net Sales Realisations in the current year, as compared to previous year, was partially offset by the following factors, that resulted in sustaining the Operating Margins, at same levels of previous year :

- ◇ Lower cost of key input materials like Wood, Imported pulp, Waste Paper and Coal.

- ◇ Improved Operational efficiencies.
- ◇ Optimisation in Raw Material Mix and Chemicals.
- ◇ Lower Interest and Financing Charges, due to repayment of Term Loans and non-utilization of working capital limits.

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

Relations between the Management and the labour were cordial throughout the year under review. The five year wage / salary agreement with labour unions / Staff Association expired on March 31, 2019. Negotiation are underway for entering into a new agreement.

Currently, the Company employs 1 290 persons of all ranks in its two Units.

REPORT ON CORPORATE GOVERNANCE

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

This Report is furnished in terms of Regulation 34(3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Auditors' Certificate on Corporate Governance, as prescribed, is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to Shareholders.

Company's philosophy on code of governance

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

- ◇ To have systems in place which will allow sufficient freedom to the Board of Directors and Management to take decision towards the progress of the Company and to innovate while remaining within a framework of effective accountability.
- ◇ To provide transparent corporate disclosures and adopt high quality accounting practices.

- ◇ Timely and proper dissemination of material price sensitive information and ensure insiders do not transact in securities of the Company till such information is made public.
- ◇ To adopt good Corporate Governance policies that will contribute to the efficiency of the enterprise, creation of wealth for the Shareholders and country's economy.

A Board of Directors

- (i) Board Composition
 - (a) The composition of the Board is devised in a manner to have optimal blend of expertise drawn from Industry, Management and Finance.
 - (b) All except the Chairman, Managing Director and Deputy Managing Director and Secretary are Non-executive Directors and thus constitute more than one-half of the total number of Directors. The Company has a woman Director. The Deputy Managing Director is additionally responsible to 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, other than the Nominee Director appointed by TIIC with terms "not liable to retire by rotation", retire by rotation and in the normal course seek re-appointment at the Annual General Meeting. Brief resume of Directors seeking appointment / re-appointment is given in the Notice of the Annual General Meeting (AGM).
 - (d) No Director holds membership of more than 10 Committees of Board nor is Chairman of more than 5 such Committees, as stipulated

in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No Director is a relative of any other Director. The age of every Director, including Independent Director, is above 21.

(e) Shareholder approval, a by Special Resolution, is obtained for appointing or continuing the Directorship of an Independent Director beyond 75 years of age and of any Executive Director beyond 70 years of age.

The details of the Board of Directors are furnished hereunder:

SI No.	Name of the Directors	No. of shares held	Executive / Non Executive Director	Promoter / Independent / Nominee Director
1	Sri N Gopalaratnam	46155	Chairman - Executive Director	Promoter Director
2	Sri V Sridar	Nil	Non Executive Director	Independent Director
3	Dr S Narayan, IAS (Retd.)	Nil	Non Executive Director	Independent Director
4	Sri A L Somayaji	Nil	Non Executive Director	Independent Director
5	Dr Nanditha Krishna	Nil	Non Executive Director	Independent Director
6	Sri Mohan Verghese Chunkath, IAS (Retd.)	Nil	Non Executive Director	Independent Director
7	Sri Shambu Kallollikar, IAS*	Nil	Non Executive Director	Nominee of Tamilnadu Government 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 Deepak Srivastava, IFS ⁺	Nil	Non Executive Director	Nominee of Tamilnadu Government Non Independent Director
10	Sri K S Kasi Viswanathan	2910	Managing Director - Executive Director	Whole time Director - Non Independent Director
11	Sri V Pichai	42695	Deputy Managing Director & Secretary - Executive Director	Whole time Director - Non Independent Director

+ Appointed as Additional Director by the Board on 27 07 2019; Later appointed by the shareholders, vide Postal Ballot, as Nominee Director liable to retire by rotation, on 18 09 2019.

* Ceased to be a Director with effect from 27 07 2019.

@ Vacation of Office of Nominee Director under Section 167(1)(b) of Companies Act, 2013 with effect from 01 02 2020.

\$ Re-appointed as Additional Director by the Board on 28 03 2020.

(ii) Independent Directors

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

(b) Pursuant to provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri A L Somayaji and Dr Nanditha Krishna, Independent Directors were appointed by the Company, vide Postal Ballot Notice dated August 23, 2014, to hold office from September 29, 2014 to September 28, 2019.

The Board of Directors at their meeting held on July 27, 2019, based on the performance evaluation and based on the recommendations of the Nomination-cum-Remuneration Committee, formed the opinion that Sri A L Somayaji and Dr Nanditha Krishna are persons of integrity and possess relevant expertise and experience and hence could be re-appointed as Independent Directors of the Company. The Board thereupon decided to re-appoint them for a second term as Independent Directors, not liable to retire by rotation, subject to approval by Shareholders of the Company by a Special Resolution.

Approval of the Shareholders, by way of Special Resolution through Postal Ballot, was obtained on September 18, 2019 for the Re-appointment of the 2 Independent Directors for a term of five years from September 29, 2019 to September 28, 2024.

SI No.	Name	DIN
1	Sri A L Somayaji	00049772
2	Dr Nanditha Krishna	00906944

Further, approval, by Special Resolution, was also obtained in the case of Sri A L Somayaji who has crossed 75 years of age, on the date of the re-appointment.

- (c) Independent Directors have been issued Letter of Re-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, rights and responsibilities, nature of the industry, business model and compliance management. The details of the programme have been uploaded on the Company's website www.spbltd.com.
- (e) All the Independent Directors have given the declarations pursuant to Section 149(7) of the Act, affirming that they meet the criteria of independence as provided in Sub Section (6).
- (f) In the opinion of the Board all the Independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (g) No Independent Director has resigned from the Directorship of the Company before the expiry of the term of appointment during the financial year ended March 31, 2020.
- (h) All Independent Directors have registered under the "Independent Director's Databank" as maintained by Indian Institute of Corporate Affairs and the details are furnished hereunder :

Name of the Independent Director	Registration No. in Independent Director's Databank	Valid From	Valid To
Sri V Sridar	IDDB-DI-202001-006974	31 01 2020	30 01 2021
Dr S Narayan, IAS (Retd.)	IDDB-DI-202001-004586	08 01 2020	07 01 2021
Sri A L Somayaji	IDDB-DI-202002-007850	05 02 2020	04 02 2021
Dr Nanditha Krishna	IDDB-DI-202001-006255	25 01 2020	24 01 2021
Sri Mohan Verghese Chunkath, IAS (Retd.)	IDDB-DI-202002-011036	17 02 2020	16 02 2025

(iii) Attendance of each Director, at the Board Meetings held during the financial year 2019-20 and at the last Annual General Meeting, is furnished hereunder :

SI No.	Name of the Directors	Board Meetings		Last Annual General Meeting	
		Held	Attended	Attended	Not attended
1	Sri N Gopalaratnam	6	6	Yes	--
2	Sri V Sridar	6	6	Yes	--
3	Dr S Narayan, IAS (Retd.)	6	4	Yes	--
4	Sri A L Somayaji	6	6	Yes	--
5	Dr Nanditha Krishna	6	6	Yes	--
6	Sri Mohan Verghese Chunkath, IAS (Retd.)	6	5	Yes	--
7	Sri Shambu Kallollikar, IAS *	6	--	--	Yes
8	Dr. (Tmt) M Aarthi, IAS @ \$	6	--	--	Yes
9	Sri Deepak Srivastava, IFS +	6	1	--	Yes
10	Sri K S Kasi Viswanathan	6	5	Yes	--
11	Sri V Pichai	6	6	Yes	--

+ Appointed as Additional Director by the Board on 27 07 2019; Later appointed by the shareholders, vide Postal Ballot, as Nominee Director liable to retire by rotation, on 18 09 2019.

* Ceased to be a Director with effect from 27 07 2019.

@ Vacation of Office of Nominee Director under Section 167(1)(b) of the Companies Act, 2013, with effect from 01 02 2020.

\$ Re-appointed as Additional Director by the Board on 28 03 2020.

(iv) Number of other Company Boards or Board Committees in which each of the Directors of the Company is a Member or Chairperson, as on March 31, 2020 :

SI No.	Name of the Directors	Other Boards		Other Board Committees	
		Number	Member / Chairperson	Number	Member / Chairperson
1	Sri N Gopalaratnam	4@	4 - Chairman	2	2 - Chairman
2	Sri V Sridar	3	3 - Member	2	1 - Chairman 1 - Member
3	Dr S Narayan, IAS (Retd.)	7\$	7 - Member	3	2 - Chairman 1 - Member
4	Sri A L Somayaji	3*	3 - Member	1	1 - Chairman
5	Dr Nanditha Krishna	4#	4 - Member	--	--
6	Sri Mohan Verghese Chunkath, IAS (Retd.)	--	--	--	--
7	Dr. (Tmt) M Aarthi, IAS	6	6 - Member	1	1 - Member
8	Sri Deepak Srivastava, IFS	--	--	--	--
9	Sri K S Kasi Viswanathan	--	--	--	--
10	Sri V Pichai	3+	3 - Member	--	--

@ Includes 1 Private Limited Company.

Includes 3 Private Limited Companies.

\$ Includes 2 Private Limited Company.

* Includes 1 Private Limited Company.

+ Includes 3 Private Limited Companies.

(v) Directorship in other listed entities as on 31 03 2020 :

SI No.	Name of the Directors	Name of the other listed entity	Category
1	Sri N Gopalaratnam	a) Ponni Sugars (Erode) Ltd b) High Energy Batteries (India) Ltd	Promoter Director
2	Sri V Sridar	a) Ponni Sugars (Erode) Ltd	Independent Director
3	Dr S Narayan	a) Dabur India Limited b) Artemis Global Life Sciences Ltd	Independent Director
4	Sri A L Somayaji	a) High Energy Batteries (India) Ltd	Independent Director
5	Dr Nanditha Krishna	a) Ponni Sugars (Erode) Ltd	Independent Director

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

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

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

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

SI No.	Name of the Directors	Core skills / Expertise / Competence
1	Sri N Gopalaratnam	<ul style="list-style-type: none"> ◇ Mechanical Engineer with more than 48 years of Specialisation in project and operational management of process industries. ◇ Has nearly two decades of experience in leading SPB-ESVIN Group of Companies and steering them to higher growth trajectories.
2	Sri V Sridar	<ul style="list-style-type: none"> ◇ He is a Science Graduate and a Chartered Accountant with a brilliant academic record. ◇ He has to his credit more than three decades (1975 to 2007) of service in large public sector nationalised Banks, with rich experience in Banking, Finance and General Management. ◇ He has held several high positions in Commercial Banks and National Housing Bank. ◇ He served as Chairman and Managing Director of UCO Bank from 2004 until 2007.
3	Dr S Narayan, IAS (Retd.)	<ul style="list-style-type: none"> ◇ He has to his credit nearly four decades (1965 to 2004) of public service in the State and Central Governments, in Development administration. ◇ Lastly (2003-04), he was Economic Adviser to the Prime Minister and was responsible for implementation of economic policies of several Ministries. ◇ His special interests include public finance, investment policy, energy policy, commodities and mining, governance issues and international trade. He travels widely and lectures at several international fora.
4	Sri A L Somayaji	<ul style="list-style-type: none"> ◇ Eminent Senior Advocate. ◇ He has served as Advocate General, Government of Tamilnadu. ◇ He is in the Editorial Board of 'Supreme Today', 'Current Tamilnadu Cases', 'Labour Law Journal' and 'Sales Tax Cases'. He is legal advisor to various Corporates.

Sl No.	Name of the Directors	Core skills / Expertise / Competence
5	Dr Nanditha Krishna	<ul style="list-style-type: none"> ◇ She is an authority on Indology and an Environmental educationist. She is a writer on Indian Arts and Culture, Environmental History and Ecological Heritage of India and Cambodian Art. ◇ She has undertaken numerous Research Projects. She is a regular publisher of books and Editor of Eco News and Indian Journal of Environment Education. She has won several awards and recognitions for her outstanding works.
6	Sri Mohan Verghese Chunkath, IAS (Retd.)	<ul style="list-style-type: none"> ◇ He holds a post-graduate degree in Zoology. He belongs to the 1978 batch of IAS Officers. ◇ In 2014, as Chief Secretary, he was heading the Tamil Nadu State Department of Environment and Forests. ◇ Mr Chunkath has held various positions, including that of Collector of Dharmapuri District, Secretary in charge of Higher Education Department, Chairman-cum-Managing Director of the Tamil Nadu Energy Development Agency. ◇ He was in charge of Auroville, Puduchery as its Administrator.
7	Dr. (Tmt) M Aarthi, IAS	<ul style="list-style-type: none"> ◇ She is currently the Managing Director of The Tamilnadu Industrial Investment Corporation Limited (TIIC) (Government of Tamilnadu Undertaking) ◇ She is nominated to the Board by TIIC, the largest shareholder of the Company.
8	Sri Deepak Srivastava, IFS	<ul style="list-style-type: none"> ◇ He currently serves as Special Secretary (Forests) in Government of Tamilnadu. ◇ He is nominated to the Board by the Tamilnadu Government.
9	Sri K S Kasi Viswanathan	<ul style="list-style-type: none"> ◇ He is a Chemical Engineer (B Tech. from the Regional Engineering College, Trichy and MMS from University of Madras). ◇ He has to his credit nearly 41 years of Industrial experience, majority of which has been with the SPB-Esvin Group Companies. He has gained excellent exposure in management of integrated paper mills, besides Project Implementation.
10	Sri V Pichai	<ul style="list-style-type: none"> ◇ He is a Chartered Accountant and a Company Secretary. ◇ His qualifications are B.Com., ACA, ACS and CAIIB. He has to his credit nearly 45 years of experience. ◇ He has managed admirably various functional areas of the Company viz., Accounts, Finance, Legal, Taxation, Secretarial, etc.

(vii) Directors' and Officers' Liability Insurance

The Company has proactively taken Directors and Officers Liability insurance covering both Independent and Non-Independent Directors for such sum and risks as determined by the Board as necessary and expedient.

B Board Process

(i) Board Meetings

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

Notice for Board meeting is issued normally three weeks in advance. Detailed Agenda papers are circulated one week in advance. During the financial year 2019-20, six Board Meetings were held on April 29, 2019, May 25, 2019, July 27, 2019, November 09, 2019, February 01, 2020 and March 28, 2020. The Annual General Meeting was held on July 27, 2019. Interval between any two meetings was not more than 120 days. One Board Meeting (held on March 28, 2020) was conducted through video conferencing, the recordings of which are preserved by the Company, as required under the Companies Act, 2013 and the relevant Rules and Regulations made thereunder.

(ii) Board Proceedings

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

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

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

The governance process includes an effective post-meeting follow-up, review of ATR (Action Taken Report) and reporting process for decisions taken pending approval of Board.

During the Financial Year 2019-20 the Board has accepted the recommendation of respective Committees of the Board which are mandatorily required, for approval of the Board.

(iii) Board Minutes

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

C Board Committees

(i) Audit Committee

The Board has constituted an Audit Committee comprising four Non Executive Independent Directors and the Chairman of the Board, with more than two-third being Independent Directors. The Chairman of Audit Committee is an Independent Director and is present at the Annual General Meetings of the Company. It meets at regular intervals

not exceeding 120 days between any two meetings and subject to a minimum of 4 meetings in a year. The Managing Director (CEO) and Deputy Managing Director & Secretary who is also the CFO are present as invitees while Statutory Auditors, Cost Auditor and the Internal Auditor are also present in most meetings. The Company Secretary acts as the Secretary of the Audit Committee.

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

During the year the Audit Committee met four times on May 24 2019, July 26, 2019, November 08, 2019 and January 31, 2020.

Its composition and attendance during 2019-20 is given hereunder :

Name of the Directors	Audit Committee Meetings	
	Held	Attended
Sri V Sridar #	4	4
Sri N Gopalaratnam @	4	4
Dr S Narayan, IAS (Retd.) &	4	3
Sri A L Somayaji &	4	4
Sri Mohan Verghese Chunkath, IAS (Retd.) &	4	3

Chairman of the Committee - Independent Director.

& Member of the Committee - Independent Director.

@ Member of the Committee - Non-Independent Director.

Members of the Audit Committee have requisite financial and management

expertise. They have held senior positions in Government / reputed organisations.

Sri V Sridar is the Chairman of the Audit Committee who is an Independent Director and is present at the Annual General Meeting of the Company. Sri V Pichai, Deputy Managing Director & Secretary, acts as the Secretary to the Committee.

(ii) Nomination cum Remuneration Committee

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

Name of the Directors	No. of Meetings	
	Held	Attended
Sri V Sridar #	2	2
Dr S Narayan, IAS (Retd.) &	2	2
Sri A L Somayaji &	2	2

Chairman of the Committee - Independent Director.

& Member of the Committee - Independent Director.

The Chairman of the Committee is an Independent Director and is present at the Annual General Meetings of the Company.

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

- ◇ Formulation of criteria for determining qualifications, positive attributes and Independence of a Director.
- ◇ Recommending to the Board (a) a remuneration policy for Directors, Key Managerial Personnel and senior management (b) all remuneration, in whatever form, payable to senior management.
- ◇ Formulation of criteria for evaluation of Independent Directors and the Board.

- ◇ Devising a policy on Board diversity.
- ◇ Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee in March 2015 determined the performance evaluation for Independent Director. It revisited the issue in March 2019 pursuant to the SEBI Guidance Note on Board Evaluation issued in January 2017 and broad based the evaluation criteria covering Independent Directors, Non Independent Directors and Board as a whole.

During the year the Committee met two times on July 27, 2019, and March 28, 2020 wherein all the members were present. The meeting of the Committee, on March 28, 2020, was held thro' Video Conferencing.

(iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee pursuant to Regulation 20 of Listing Regulations. 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 24, 2019, July 26, 2019, November 08, 2019, January 31, 2020 and March 27, 2020. The meeting, on March 27, 2020 was held thro' Video Conferencing.

Its composition and attendance are given hereunder:

Name of the Directors	Committee Meetings	
	Held	Attended
Sri V Sridar #	5	5
Sri N Gopalaratnam @	5	5
Sri V Pichai @	5	5

Chairman of the Committee - Independent Director.

@ Member of the Committee - Non-Independent Director.

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

(iv) Corporate Social Responsibility (CSR) Committee

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

The members of the Committee are:

Name of the Directors	No. of Meetings	
	Held	Attended
Sri N Gopalaratnam @	4	4
Sri V Sridar &	4	4
Sri K S Kasi Viswanathan #	4	4
Sri V Pichai #	4	4

- @ Chairman of the Committee - Non-Independent Director.
- & Member of the Committee - Independent Director.
- # Member of the Committee - Non-Independent Director.

(v) Other Committees

The Board has constituted a Project Committee to facilitate quick response to clearance of proposals for expenditure on Mill Development Plan for Unit : Erode. It meets as and when need arises to consider any matter assigned to it. Eight 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.

(viii) Independent Directors' Meeting

The Company, as required under Para VII(1) of Schedule IV to the Companies Act, 2013, normally holds one meeting of the Independent Directors in a financial year and the meeting is normally scheduled in the last week of the month of March, to enable the Independent Directors to reflect on the full year performance and evaluate. However, by reason of the Covid-19 Lockdown, the meeting of the Independent Directors could not be held in the Financial Year 2019-20. Ministry of Corporate Affairs, vide their General Circular No.11/2020 (Sub : Special

Measures under Companies Act, 2013 in view of Covid-19 outbreak), have clarified that if the Independent Directors of a Company have not been able to hold a meeting, the same shall not be viewed as a violation.

Later, the Independent Directors, in their exclusive meeting held on May 30, 2020 did the evaluation on the performance of Chairperson, Non-Independent Directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All the Independent Directors were present at this meeting.

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.

The Nomination-cum-Remuneration policy of the Company, duly approved by the NRC and the Board of Directors, has been uploaded in Company's website (Refer: www.spbltd.com/investor-info/policy).

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 by the Board of Directors as Chairman, Managing Director and Deputy Managing Director and Secretary, respectively, for a further tenure of three years from 01 04 2020. Their remuneration for the Financial Year 2019-20 is disclosed under Note No. 40 of the Financial Statements. There is no service contract containing provisions of notice period or severance package. Their re-appointment is subject to the approval of the shareholders in this Annual General Meeting.

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.

Until the 3 year period ended March 2019, the Non Whole-time Directors were 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 was shared amongst the Non Whole-time Directors equally.
- ◇ The above was 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.

- ◇ Proposal for payment of remuneration to Non-Wholetime Directors, for a 3 year period commencing from April 1, 2019, is included in the Notice for this Annual General Meeting.
- ◇ 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 2019-20

SI No.	Name of the Non Whole time Directors	Sitting Fee paid		Commission payable for 2019-20
		Board Meetings	Committee Meetings	
		₹ lakhs	₹ lakhs	₹ lakhs
1	Sri V Sridar	1.50	5.75	5.00
2	Dr S Narayan, IAS (Retd.)	1.00	1.25	5.00
3	Sri A L Somayaji	1.50	1.50	5.00
4	Dr Nanditha Krishna	1.50	--	5.00
5	Sri Mohan Verghese Chunkath IAS (Retd.)	1.25	0.75	5.00
6	Dr. (Tmt) M Aarthi, IAS (Nominee of TIIC)	--	--	4.23 #
7	Sri Deepak Srivasata, IFS (Nominee of Government)	0.25@	--	5.00 @
	Total	7.00	9.25	** 34.23

Payable to The Tamilnadu Industrial Investment Corporation Limited.

@ Payable to Government of Tamilnadu.

** The Commission for 2019-20 (₹ 34.23 lakhs), as mentioned above, is payable subject to the approval of the shareholders of the Company in the Annual General Meeting.

(ii) Performance Evaluation

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

- ◇ Evaluation of Board Process
- ◇ Evaluation of Committees

- ◇ Individual evaluation of Board Members and the Chairperson
- ◇ Individual evaluation of Independent Directors.

Pursuant to the Guidance Note on Board Evaluation issued by SEBI in January 2017 to improve the evaluation process by listed entities, the Board of Directors at their meetings held on

February 08, 2019 and March 27, 2019, based on the recommendation of the Nomination-cum-Remuneration Committee approved the criteria for performance evaluation for Independent Directors, Non Independent Directors and Board of Directors.

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

The Nomination-cum-Remuneration Committee in its meeting held on July 27, 2019, perused the performance evaluation done on March 27, 2019 and recommended to the Board, the re-appointment of Sri A L Somayaji and Dr. Nandhitha Krishna as Independent Directors. The Nomination-cum-Remuneration Committee, in its meeting held on March 28, 2020 thro' Video Conferencing, evaluated the performance of the Executive Directors and had recommended to the Board the re-appointment of all the 3 Executive Directors. The Executive Directors did not participate in the meeting.

The Nomination-cum-Remuneration Committee and the Board, at their respective meetings held on March 28, 2020 thro' Video Conferencing, decided to take up the evaluation of the performance of each of the four Committees and also the functioning of each of the Independent Directors, in the subsequent meeting, scheduled to be held in May 2020, when they would meet in person.

The Board of Directors also opined that in line with the provisions of Rule 8(5)(iia) of the Companies (Accounts) Rules, 2014, as amended from time to time, that the 3

independent directors appointed during the year [Sri Mohan Verghese Chunkath w.e.f April 1, 2019; Sri A L Somayaji w.e.f September 29, 2019 and Dr. (Tmt.) Nanditha Krishna w.e.f September 29, 2019] are persons of integrity and possess relevant expertise and experience to continue as Independent Directors of the Company.

The Nomination-cum-Remuneration Committee and the Board, at their respective meetings held on May 30, 2020, 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.

The Board, at its meeting held on May 30, 2020, further evaluated the functioning of each of the four committees and evaluated its own performance on the basis of the criteria approved by the Nomination and Remuneration Committee.

There was no specific observation made during Board evaluation last year and current year that is material and requires further action.

(iii) Insider Trading

SEBI (Prohibition of Insider Trading) Regulations, 2015 that has been extensively amended that has come into effect from April 01, 2019. To incorporate these amendments, the Board in March 2019 revised the Codes earlier formed in March 2015 and formulated the:

- (i) Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information; and
- (ii) Minimum Standards for Code of Conduct to regulate, monitor and report Trading by Insiders.

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

This code is applicable to all Directors and designated persons. It is hereby affirmed that all Directors and designated employees have complied with this code during the financial year 2019-20 and a confirmation to this effect has been obtained from them.

The Company seeks to ensure that material information / event is disseminated as soon as it becomes credible and concrete for maintaining information symmetry in the market except when non-disclosure is considered in the interest of its stakeholders.

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed from the end of every quarter till 48 hours after declaration of financial results.

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

(iv) Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the Financial Year 2019-20.

Further, the Senior Management Personnel have declared to the Board that no material financial on commercial transactions were entered into by them during the Financial Year 2019-20 where they have personal interest that may have a potential conflict with the interest of the Company at large.

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

(v) Related Party Transactions

The Board has formulated in 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 2019-20 were on an arms-length basis and were in the ordinary course of business. They have been disclosed in deference to Indian Accounting Standard 24 in Note 40 of the financial statements. None of these transactions are likely to have a conflict with the Company's interest.

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

There was no material RPT during the Financial Year 2019-20.

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 policies and the exposures of the Company on various financial risks, including

the Foreign Exchange Risk and Hedging activities, are disclosed under Note 38 (c) to the Standalone Financial Statements.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and 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 2019-20 and no personnel had requested access to the Audit Committee under this policy during 2019-20.

(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 2019-20.

(viii) Document Preservation

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

E Other Compliances

(i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Regulation 34(2)(e) of SEBI (LODR) Regulations, 2015 and is attached to the Board's Report forming part of the Annual Report of the Company.

(ii) Quarterly Financial Results

Pursuant to Regulation 33 of the SEBI (LODR) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These are communicated to Stock Exchanges by email after the conclusion of the Board Meeting and published in leading dailies, as required, within the stipulated time. These are also immediately posted on the Company's website. The financial results are also circulated to all the shareholders by e-mail or by post.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during 2019-20 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 2019	19 07 2019
30 09 2019	21 10 2019
31 12 2019	29 01 2020
31 03 2020	18 05 2020

(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 2019-20.

The Company has maintained detailed Cost records, as required under Section 148 (1) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 and all other relevant rules and regulations and amendments thereof.

(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 2019-20. The Secretarial Audit Report was placed before the Board on May 30, 2020 and the same is annexed.

There are no qualifications in the Secretarial Audit Report.

Secretarial Compliance Certificate:

SEBI Vide Circular dated February 08, 2019 mandated all listed companies for filing of Annual Compliance Certificate issued by a Practicing Company Secretary with Stock Exchanges within 60 days of the end of the Financial Year. The Company obtained the certificate from M/s B K Sundaram & Associates, Practicing Company Secretaries and the same is filed with Stock Exchanges on May 23, 2020.

Certificate on non disqualification:

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

(ix) Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed M/s Suri & Co., Chartered Accountants (Firm Regn. No. 004283S), Chennai, to conduct Internal Audit of the functions and activities of the Company for Financial Year 2019-20. The Internal Auditor reports directly to the 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 May 30, 2020.

(xi) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended March 31, 2020 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditor's Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance, in deference to Para E of Schedule V of the SEBI (LODR) Regulations, 2015 is provided in Annexure-C.

(xiii) Subsidiary Companies

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

(xiv) Deposits

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

(xv) Peer Review of Auditors

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

(xvi) Statutory Auditor's fees for the FY 2019-20

	₹ crores
Statutory Audit fees	0.29
Taxation Matters	0.24
Certification work	0.07
Reimbursement of expenses	0.01
	0.61

F Compliance with non-mandatory requirements

(i) Shareholders' Rights

Quarterly Un-audited Financial Results on the Company's financial performance are sent by to all shareholders to their registered address or their registered e-mail IDs. 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) Communications in E-mode

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

(iv) Audit Qualifications

The Company since inception has ensured to remain in the regime of unqualified financial statements. In deference to SEBI's Circular dated May 25, 2016, Annual Financial Result for the Financial Year 2019-20 are being filed with the Stock Exchanges along with the declaration by the Managing Director

confirming that the Auditor's Report on Annual Financial Results contains unmodified opinion.

G Disclosures

- (i) No strictures / penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.
- (ii) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the Company's operations in future.
- (iii) 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) Filed online in XBRL / PDF format with Stock Exchanges immediately after the conclusion of the Board meeting.
- (b) Posted on the Company's website www.spbltd.com and
- (c) Sent to all Shareholders by post or by e-mail.

- (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.

Business Responsibility Report (BRR):

Regulation 34(2) of the SEBI (LODR) Regulations requires the listed entities, to include a Business Responsibility Report (BRR) in their Annual Report, describing the initiatives taken by the Company from Environmental, Social and Governance perspective, in the format as specified by the Board from time to time. Originally, this regulation / reporting requirement was applicable only for the Top 500 listed Companies, based on Market Capitalisation (calculated as on March 31 of every financial year).

However, SEBI, vide their amendment to LODR, dated December 26, 2019, has extended this to Top 1000 Companies. Our Company was in 678th position (Market Capitalisation in BSE) as on March 31, 2019. Hence, this Regulation on BRR will now be

applicable to the Company, with effect from Financial Year 2019-20.

The Company has drafted the Business Responsibility Report, in line with the format prescribed by SEBI, which is given in Annexure - III to the Directors' Report.

Dividend Distribution Policy

SEBI has mandated formulation of Dividend Distribution Policy for top 500 listed entities and disclosure of the same in the Annual Reports and website of the Company. Our Company is not covered by this requirement.

General Shareholder Information

(i) Details for 60th Annual General Meeting

Date and time	:	Saturday, the 08 th August 2020 at 11.00 AM
Venue	:	The Company is conducting meeting through Video Conferencing pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
Financial Year	:	2019-20
Book closure dates	:	Thursday, the 30 th July 2020 to Saturday, the 08 th August 2020 (both days inclusive).
Dividend	:	The Board of Directors has recommended payment of Dividend of ₹ 3.50 plus a Diamond Jubilee Special Dividend of ₹ 0.50, totalling to a Dividend of ₹ 4.00 per Equity Share of face value of ₹ 2 each.
Dividend payment date	:	10 th August 2020

(ii) Particulars of past three Annual General Meetings

AGM / Year	Venue	Date & Time	Special Resolutions passed
57 th 2016-17	"Community Centre" SPB Colony ERODE 638 010 Tamilnadu	29 07 2017 11.00 AM	1. Re-appointment of Sri N Gopalaratnam as Chairman 2. Re-appointment of Sri V Pichai as Deputy Managing Director & Secretary
58 th 2017-18	"Community Centre" SPB Colony ERODE 638 010 Tamilnadu	21 07 2018 11.00 AM	Nil
59 th 2018-19	"Community Centre" SPB Colony ERODE 638 010 Tamilnadu	27 07 2019 11.00 AM	1. Sub-division of existing Equity Shares of face value of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/- (Two) each fully paid up. 2. Alteration of Capital Clause V of the Memorandum of Association. 3. Alteration of Capital Clause 6 of the Articles of Association.

No Extraordinary General Meeting was convened during the year.

(iii) Poll

Shareholders may refer the AGM Notice for procedures involved in e-Voting during AGM.

(iv) Postal Ballot

For re-appointment of Independent Directors for a second term of 5 years, two Special Resolutions were passed by Postal Ballot during the financial year 2019-20, the details of which have been shared in the earlier section. Shareholders were also offered the facility of e-Voting in addition to Postal Ballot.

Sri B. Kalyanasundaram, Practising Company Secretary (Membership No.672) was the Scrutiniser for Postal Ballot. All Resolutions were passed with requisite majority based on combined voting through E-voting and on Postal Ballot.

At present, there is no proposal to pass Special Resolution through Postal Ballot. The Company diligently followed the procedures prescribed under the Act and Listing Regulations.

(v) Financial Calender for 2020-21 (tentative)

May 2020 :

Audited results for 2019-20

August 2020 :

Annual General Meeting and

First Quarter Results for 2020-21

November 2020:

Second Quarter Results for 2020-21

February 2021 :

Third Quarter Results for 2020-21

March 2021

Review of performance

May 2021 :

Audited Results for 2020-21

July 2021 :

Annual General Meeting and First Quarter Results for 2021-22.

(vi) 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: cmllist@nse.co.in

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

(vii) 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, 2021.

(viii) Stock Codes:

Under Demat System, the ISIN allotted to the Company's Equity Shares is **INE630A01024**.

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

(ix) Dematerialisation of shares and liquidity :

As on March 31, 2020, 11 101 Shareholders are holding Shares in Demat form and 4 98 71 055 shares have been dematerialised, representing 79.07% of the total Equity Share Capital.

Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system and transfer of shares in physical mode is not feasible from April 01, 2019.

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

NIL

- (xi) Permanent Account Number (PAN) / Bank details Requirement

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

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

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

Investors are advised to take note of same.

- (xii) 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: corpserve@integratedindia.in

- (xiii) Credit Rating

During the Financial Year 2019-20, there was no revision in the Credit Ratings assigned to the Company, for both Long Term and Short Term Bank facilities.

CARE Ratings Limited, Mumbai (CARE), vide their communication dated April 13, 2020, has reaffirmed the Credit Rating assigned to the Long Term Bank facilities, [CARE A+ Positive] and Short Term Bank facilities [CARE A1+] of the Company.

- (xiv) Share Transfer System

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

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

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

There is no pending share transfer as on 31 03 2020.

Compulsory Demat:

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

(xv) Transfer of Unclaimed Dividend to IEPF

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

Pursuant to above, the Unpaid / Unclaimed Dividend for the Financial Year 2011-12, pertaining to 3164 investors and aggregating ₹ 11.65 lakhs, was transferred on 03 10 2019.

The Unpaid / Unclaimed amount for the Financial Year 2012-13 will be transferred during August 2020 along with the shares. Shareholders are, therefore, advised to contact the Company / RTA immediately in

case of non-receipt or non-encashment of Dividend.

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

Upon Section 124(5) and (6) of the Companies Act, 2013 coming into force companies while transferring the dividend remaining unclaimed for a period of more than seven years will also have to transfer the underlying equity shares. Accordingly, the unclaimed dividend for the years 2008-09 to 2011-12, 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 March 31, 2020

Year	Dividend (₹ per share)	Date	Unclaimed		Due date for transfer to IEPF
			No. of warrants	₹ crores	
2012-13	4	29 07 2013	3337	0.10	24 08 2020
2013-14	4	26 07 2014	3412	0.10	22 08 2021
2014-15	4	03 08 2015	3542	0.11	29 08 2022
2015-16	5	25 07 2016	3599	0.14	21 08 2023
2016-17	10	31 07 2017	3702	0.28	26 08 2024
2017-18	15	23 07 2018	1706	0.20	20 08 2025
2018-19	20	29 07 2019	1505	0.23	24 08 2026

(xvii) Market Price Data

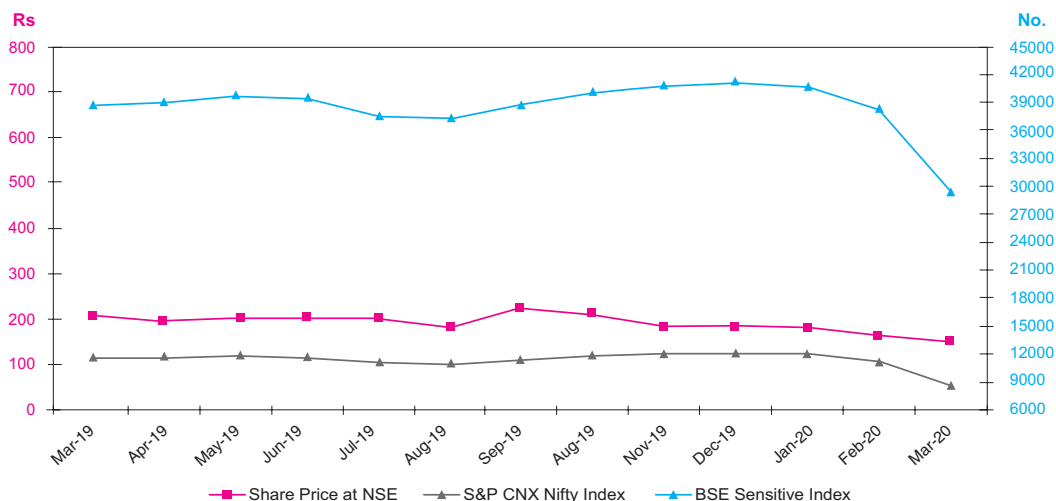
High, low and volume during each month in the financial year 2019-20 (reported at the National Stock Exchange of India Limited and BSE Limited).

Month	BSE				National Stock Exchange			
	Share Price **		Volume		Share Price **		Volume	
	High (₹)	Low (₹)	No. of Shares **	Value (₹ crores)	High (₹)	Low (₹)	No. of Shares **	Value (₹ crores)
2019								
April	197.80	176.00	17385	0.33	194.39	180.02	163145	3.09
May	203.00	177.60	40185	0.78	205.00	177.43	370165	7.12
June	201.60	180.69	11080	0.21	203.03	181.64	144085	2.78
July	201.95	163.10	33675	0.62	200.20	164.20	236330	4.41
August	180.00	166.00	19893	0.5	180.60	161.20	155529	2.72
September	225.70	164.00	103544	2.18	223.95	163.05	1027114	21.37
October	211.00	165.10	38098	0.70	210.70	168.30	252503	4.66
November	194.00	163.00	31364	0.54	185.00	165.05	1035615	17.97
December	183.10	161.00	44120	0.76	182.90	160.75	506313	8.64
2020								
January	181.70	162.65	56580	0.97	180.05	162.55	750605	12.87
February	167.00	137.00	24348	0.38	164.80	137.05	274646	4.26
March	147.95	82.05	33299	0.37	149.00	80.00	479339	5.23

** Consequent to the approval of the Shareholders of the Company in the Annual General Meeting held on July 27, 2019, the Company had completed sub-division of Equity Share of face value of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/- (Two) each fully paid up. This sub-division was made effective August 20, 2019 (Record Date). To enable comparison, the Share prices and No. of shares for the period April 1, 2019 until August 20, 2019, have been restated to represent face value of ₹ 2/- per share.

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

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



(xix) Distribution of shareholding as on March 31, 2020 :

Distribution	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
1 - 100	4 937	34.90	2 02 303	0.32
101 - 200	2 096	14.82	3 06 884	0.49
201 - 500	4 019	28.41	14 91 105	2.36
501 - 1000	1 621	11.46	12 22 272	1.94
1001 - 5000	1 225	8.66	25 20 004	4.00
5001 - 10000	101	0.71	7 34 594	1.16
10001 and above	148	1.04	5 65 90 978	89.73
Total	14 147	100.00	6 30 68 140	100.00

SESHASAYEE PAPER AND BOARDS LIMITED

(xx) Pattern of Shareholding as on March 31, 2020 :

Category	No. of Share holders	Voting strength (%)	No. of Shares held
Individuals	13 391	20.68	1 30 40 986
Companies	229	41.44	2 61 36 674
FII, NRIs, OCBs	510	21.06	1 32 79 821
Mutual Funds, Insurance Companies and Banks	10	0.01	10 070
FIs	7	16.81	1 06 00 589
Total	14 147	100.00	6 30 68 140

(xxi) Top 10 Shareholders of the Company as on March 31, 2020:

SI No.	Names	No. of Shares	%
1	The Tamil Nadu Industrial Investment Corporation Ltd	9000000	14.27
2	Ponni Sugars (Erode) Limited	8840905	14.02
3	Synergy Investments Pte Limited	7738475	12.27
4	Time Square Investments Private Limited	6288105	9.97
5	Atyant Capital India Fund I	3383140	5.36
6	Dhanashree Investments Private Limited	2951290	4.68
7	Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust	2840905	4.51
8	Coromandel Sugars Limited	2372315	3.76
9	Life Insurance Corporation of India	1570953	2.49
10	Pushpa Devi Saraogi	1124995	1.78
	Total	46111083	73.11

(xxii) Plant Locations

Unit : Erode

Pallipalayam
Namakkal District
Cauvery RS PO
ERODE
638 007
Tamil Nadu

Unit : Tirunelveli

Elanthaikulam
Singamparai Post
Mukkudal (via)
Tirunelveli District
627 601
Tamil Nadu

(xxiii) Address for correspondence

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

Annexure - A

DECLARATION

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

I, K S Kasi Viswanathan, Managing Director of Seshasayee Paper and Boards Limited, hereby declare and confirm that all the members of the Board of Directors and the senior management personnel of the Company have affirmed compliance with the code of conduct of Board of Directors and senior management for the financial year 2019-20.

K S KASI VISWANATHAN
Managing Director

Erode
30th May 2020

Annexure - B

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

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

1. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/S SESHASAYEE PAPER AND BOARDS LIMITED having CIN:L21012TZ1960PLC000364 and having registered office at PALLIPALAYAM, ERODE-638007 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on the date of Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the company by the Securities and Exchange Board of India and/or the Registrar of Companies or such other authority under the Ministry of Corporate Affairs, New Delhi.

SESHASAYEE PAPER AND BOARDS LIMITED

Sl. No.	Name of the Director as per DIN	DIN	Date of Appointment as Director in the Company	Designation and remarks if any
1	Gopalaratnam Natarajan	00001945	26/12/1987	Chairman - Whole-time Director
2	Kasi Viswanathan Subramanian Kallidaikurichi	00003584	29/01/2005	Managing Director
3	Lakshminarasimha Ayyalu Somayaji	00049772	29/09/2014	Independent Director
4	Subbaraman Narayan	00094081	18/01/2007	Independent Director
5	Pichai Venkataraman	00263934	29/01/2005	Deputy Managing Director
6	Chinny Krishna Nanditha	00906944	29 09 2014	Independent Director - Woman Director
7	Mohan Verghese Chunkath	01142014	01 04 2019	Independent Director
8	Venkatesan Sridar	02241339	04/06/2009	Independent Director
9	Aarthi Manickavasagam	08062172	28/03/2020	Nominee Director
10	Srivastava Deepak	08516076	27/07/2019	Nominee Director

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

For B K SUNDARAM & ASSOCIATES
Company Secretaries

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

Place : Trichy
Date : 22 05 2020

M/S MAHARAJ N R SURESH AND CO.,
Chartered Accountants

M/S 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, 2020, as stipulated in Regulations 34(3) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

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

R Subramanian and Company LLP
Firm Regn. No. 004137S /S200041

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

Chennai
May 30, 2020

BUSINESS RESPONSIBILITY REPORT

Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations], as amended on December 26, 2019, prescribe that top 1000 Companies based on Market Capitalisation as per NSE / BSE as on March 31 of the every Financial Year, are required to have “Business Responsibility Report” (BRR) as part of their Directors’ Report.

Following is the BRR of the Company as the Company is among the top 1000 listed entities as per Market Capitalisation of NSE / BSE as on March 31, 2020. The report has been prepared as prescribed and in accordance with Regulation 34 of the SEBI (LODR) Regulations.

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate identification number	L21012TZ1960PLC000364
2. Name of the Company	SESHASAYEE PAPER AND BOARDS LIMITED
3. Registered Address	Pallipalayam, Namakkal District, Cauvery RS PO, Erode 638 007, Tamil Nadu
4. Website	www.spbltd.com
5. E-Mail address	edoff@spbltd.com; investor@spbltd.com
6. Financial Year reported	FY 2019-20
7. Sector(s) that the Company is engaged in	Paper is the only reportable segment of operation of the Company.
8. Three key products / services manufactured / provided by the Company	Different shades of Printing and Writing Paper.
9. Total number of locations where the business activity is undertaken by the Company	2 locations (Unit : Erode and Unit : Tirunelveli) in the State of Tamil Nadu, India
10. Markets served by the Company	India, USA, Europe, UAE, Middle East, African Countries (Uganda, Nigeria, Kenya, Ghana, Ethiopia, etc.), other Asian Countries (Sri Lanka, Afghanistan, etc.)

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital	₹ 12.61 crores
2. Total Turnover	₹ 1207.85 crores
3. Total Profit After Tax (PAT)	₹ 174.6 crores
4. Total spending on CSR	₹ 4.24 crores
5. Total spending on CSR as % on PAT	2.43 %
6. List of activities in which the CSR expenditure has been incurred	<p>The Company's focussed programmes are in the field of community development, water, sanitation, education, health, rural infrastructure and technical training.</p> <p>For further details, please refer the Corporate Social Responsibility Report. (Annexure - VII of Directors' Report)</p>

SECTION C: OTHER INFORMATION

1. Does the Company have any Subsidiary Company / Companies	<p>The Company has one wholly owned Subsidiary :</p> <ul style="list-style-type: none"> - M/s Esvi International (Engineers & Exporters) Limited
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	No
3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Details of the Director/s responsible for BR
 - Details of the Director responsible for implementation of BR policies

a) DIN Number	00003584
b) Name	K S KASI VISWANATHAN
c) Designation	Managing Director

- Details of the BR Head

a) DIN Number	00003584
b) Name	K S KASI VISWANATHAN
c) Designation	Managing Director
d) Contact Number	(91) (4288) 240 221-228
e) E-mail	kasi@spbltd.com

2. Principle wise BR Policy / Policies

Principle	Description	Company's Policy
Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	◇ Codes of Conduct ◇ Whistle Blower
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	◇ QEEGHS (Quality, Environment, Energy, Green Resources, Occupational Health and Safety Management Systems) Policy ◇ WCM Policy
Principle 3	Businesses should promote the well-being of all employees	◇ QEEGHS Policy ◇ SHAW - Prevention of sexual harassment at workplace
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	◇ CSR Policy ◇ SHAW - Prevention of sexual harassment at workplace
Principle 5	Businesses should respect and promote human rights	◇ CSR Policy ◇ WCM Policy
Principle 6	Business should respect, protect and make efforts to restore the environment	◇ Water Conservation Policy ◇ Material Conservation Recycling and Recyclability Policy ◇ Green Procurement Policy ◇ Waste Management Policy ◇ FSC Controlled Wood Procurement Policy ◇ ISO 14001 Certification
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	◇ Codes of conduct
Principle 8	Businesses should support inclusive growth and equitable development	◇ CSR Policy ◇ FSC - Controlled Wood Procurement Policy
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	◇ QEEGHS Policy

Details of compliance :

SI No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy / policies for.	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Most of the policies are aligned to various Standards like : ISO 18001 (Quality Management System), ISO 14001 (Environment Management System), OHSAS 18001 (Occupational Health & Safety Management System), FSC Controlled Wood Procurement Policy								
4	Has the policy been approved by the Board? If yes, has it been signed by the MD / owner / CEO / appropriate Board Director?@@	Y	--	--	Y	Y	--	Y	Y	--
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	*	*	*	*	*	*	*	*	*
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Auditors of the Company (ISO Auditors/ Internal Auditors / In-house ISO and WCM co-ordinators / In-house Certified Energy Auditors) review the implementation of the policies from time to time. The Company's 2 units have been subject to audit by external certification agencies. No dedicated Business Responsibility Audit has been conducted.								

@@ All the policies are signed by an Executive Director in the Board.

* All the policies are available in Company's website : www.spbltd.com.

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	<p>◇ The Company does not have a Committee of Board for dealing with this matter specifically.</p> <p>◇ However, aspects of Business Responsibility are reviewed by various other committees of the Executives / Board.</p>
b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	◇ This is the Company's first foray into publishing the Business Responsibility Report for the year under review.

SECTION E: PRINCIPLE WISE GOVERNANCE

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

- ◇ Commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, Senior Management and all other employees of the Company. It is embedded in the Company's Vision, Mission and Values Statement. The Values of the Company, as in this statement, start with "Ethical Practices". The Company's Vision is "To excel as a trusted, socially responsible and customer driven organisation providing maximum value to all stakeholders".
- ◇ The Company has adopted the 'Code of Conduct', to ensure ethics, transparency and accountability in all aspects of the business and create value for its stakeholders in a sustainable manner. All Directors and Senior Management personnel shall affirm compliance with Code on an annual basis.

- ◇ The Company has well established policies, in accordance with the statutory guidelines and relevant SEBI regulations.
 - Whistle Blower Policy.
 - Code of Conduct.
 - Code of practices for fair disclosure of unpublished price sensitive information.
 - Remuneration Policy.
 - Policy on preservation and archival of documents.
 - Policy for determination of Materiality for Disclosure of Information / Events to Stock Exchanges.
 - Policy on Related Party Transactions.
 - Policy for determining Material subsidiaries.
 - Prevention of Sexual Harassment at Workplace.
- ◇ The Company has a policy to do business with suppliers / contractors and other who are aligned with its value systems.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

- ◇ No Complaint was received from any shareholder during the financial year. All the queries, from other stakeholders, were promptly responded to the stakeholder concerned.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- ◇ Paper is a noble Product. The printing and writing grades of paper that our Company manufactures go to educate Children and inculcate good reading habits. Paper is biodegradable, recyclable and an environmentally friendly product.
- ◇ Our Company manufactures different grades of printing and writing paper using
 - Farm forestry based wood
 - Sugar cane bagasse [a by-product of a Sugar Mill] and
 - Recycled waste paper.
- ◇ Our Company helps farmers to grow trees. As part of our tree farming activity, our Company provides quality Clonal seedlings of Eucalyptus and Casuarina breed at subsidized rates to farmers and also assist them with technical help through Agricultural University to achieve higher yields and revenues.

Our Company is constantly focused on identifying new wood species. Recently we have identified Melia-Dubia, a high yielding fast growing species, suitable for pulp production.
- ◇ 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 14 crore seedlings (FY 2019-20) were made available during the year, at subsidized rates, for planting in 16 801 acres (FY 2019-20) of land.
- ◇ Our Company has a structured, innovative Lift Irrigation Scheme by which our treated waste water is used to irrigate nearly 1500 acres of land in which local farmers grow sugar cane. The sugar cane produced is procured by our associate Company viz. Ponni Sugars(Erode) Limited which in turn gives bagasse, a residue left after extraction of sugar from sugar cane. Bagasse is used by our Company to produce paper, and in turn, our Company gives treated waste water to the farmers to grow sugar cane. This tripartite arrangement between our Company, Ponni Sugars (Erode) Limited and the nearby Farmers has been in operation for over 35 years. This innovative Lift Irrigation Scheme is a unique and innovative irrigation scheme and has caught the attention of Overseas Experts and UNDP as a Role Model.
- ◇ Our Unit : Tirunelveli has a modern De-inking Plant in which recycled waste paper is de-inked (removal of ink) and reused for manufacture of high quality printing and writing paper grades.
- ◇ As can be seen from the above, the three primary fibrous raw materials viz. Wood, Sugar cane Bagasse and Waste Paper are obtained through a sustainable process model helping the local community.

- ◇ The paper manufacturing process adaptable by our Company is also environmentally friendly and green. Our process is higher energy efficient and completely “Elemental Chlorine Free”. Our process uses environmentally friendly chemicals viz. Oxygen, Hydrogen Peroxide, Chlorine Di-oxide, etc. which make our process green. The process adapted by our Company generates a liquor called “Black Liquor” which is a biomass rich in lignin is burnt in a boiler to produce green power.
 - ◇ Nearly 50% of the energy consumed by our Mill is green power generated from ‘Black Liquor’ in the Chemical Recovery Complex. Nearly 96% of the Chemicals used in pulping process are recovered back in the Chemical Recovery Complex and recycled.
 - ◇ The Lime Sludge which is a waste product from our Recalcitrating Plant is reburied in a Rotary Lime Kiln which again uses about 20% biogas from the Anaerobic Digestion System.
 - ◇ The solid waste viz. effluent sludge from waste water treatment plant is the primary raw material for hundreds of small board manufacturers and the board produced is used for Egg tray, Hosiery packing, Footwear packing, etc.
 - ◇ Our Company has a unique waste water treatment facility. The waste water from the Mill is classified into three categories viz. (i) High COD, (ii) Medium COD & (iii) Low COD.
 - ◇ The high COD stream is taken to Anaerobic Lagoon which generates Methane gas which is used in Rotary Lime Kiln to replace fossil fuel viz. Furnace Oil.
 - ◇ The low COD stream is taken to Clarifier and is recycled back in the process.
 - ◇ The medium COD stream is treated in the waste water treatment facility meeting the standards prescribed by the Pollution Control Board and the treated waste water is used for irrigating the waste land around the Mill through Lift Irrigation Scheme.
 - ◇ Our company has bagged several awards for excellent Environment performance, safety, energy efficiency, etc. Notable recent Awards are:
 - CII GreenCo Gold Rating Award during GreenCo Summit held at Pune in the year 2017.
 - Green Award 2017 by Tamil Nadu Pollution Control Board for Environment Protection.
 - CII Excellent Energy Efficient Unit Award in the year 2018.
- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**
- (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
 - ◇ The Company, vide its QEEGHS Policy, TPM Policy, Energy Policy, etc. believes that optimising production efficiency delivers value to customers and minimises environmental impact, thereby driving the Company towards the goal of long term sustainability.
 - ◇ Raw material: The Company, in its Unit : Erode which has an integrated pulp mill, consumes about 2.2 tonnes (BD tonnes) of wood per ton of Paper produced.
 - ◇ In this context, it is important to note that the Company has won the “Tamil Nadu Pollution Control Board Green Award” for the year 2017 for the excellent contribution to the Environmental protection.

- ◇ The Company has been awarded “GOLD” Rating under CII Greenco Award recognizing the excellent performance in conservation of all input resources such as Steam, Power and Water.
 - ◇ The Company also educates and motivates their suppliers / vendors to become Green.
 - ◇ The Company has also won the “CII Excellent Energy Efficient Unit Award” for the year 2018.
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
- ◇ Owing to the nature of the product, it is not feasible to identify the reduction during usage by consumers.
- 3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**
- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
- ◇ The Company has been certified under four standards of FSC (Forest Stewardship Council), 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 and wood fibre (pulp) purchased by it are traceable to responsibly managed plantations and that adequate 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 100% and FSC Mix products in Domestic and International Markets.
 - ◇ The Company policy on Green Procurement guidelines underlines the following :
- Sourcing of raw materials from Environmentally and socially responsible sources.
 - Maximising the usage of Eco friendly chemicals and energy efficient equipments.
 - Maximising the use of recovered paper in paper furnish.
 - Following the 3R principles of Reduce, Reuse and Recycle.
 - Conducting awareness programs on Environmental impacts for vendors / suppliers.
 - Creating awareness about GSC (Green Supply Chain) to critical vendors and to help them for ISO 14000 certification and to prioritise buying from ISO vendors.
 - Improving the efficiency of the suppliers by audit, training and improvement suggestions.
- 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**
- ◇ The Company is investing in efforts in carrying out research and development to ensure long term sustainability of raw materials for operations via responsible sourcing and promote local procurement.
 - ◇ The Company also encourages farmers to directly sell their wood produce to the Company. The Company is working towards developing clones for the improvement of plantation yields, which results in increased returns to farmers.
- 5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and**

waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

- ◇ Non-hazardous solid wastes such as bamboo and hard wood dust, screen rejects, fly-ash, lime sludge, and effluent sludge are re-used in various processes either directly by the Company or disposed to the manufacturers, who use these as input materials in their processes.
- ◇ Company has a specific policy towards “Material Conservation Recycling and Recyclability”. Through this policy, the Company is committed to improve material conservation, recycling and recyclability by reducing cellulosic fibre content in paper, reducing process input per ton of product and reducing packing material consumption per ton of finished paper.
- ◇ The focus is also on increasing the wood availability within close proximity through plantation initiatives, increasing the pulp yield, increasing bagasse furnish in paper to maximise our “Waste to Wealth potential”, increasing recycled paper content, increasing the use of eco-friendly packing materials, etc.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES.

- 1. Please indicate the total number of employees.**
 - ◇ No. of employees on the rolls of the Company, as on March 31, 2020 : 1290.
- 2. Please indicate the total number of employees hired on temporary / contractual / casual basis.**
 - ◇ No. of employees hired on temporary/ contractual / casual basis as on March 31, 2020 : 1185.
- 3. Please indicate the number of permanent women employees.**

- ◇ No. of permanent women employees on the rolls of the Company, as on March 31, 2020 : 10.

4. Please indicate the number of permanent employees with disabilities.

- ◇ No. of permanent employees with disabilities on the rolls of the Company, as on March 31, 2020 : 6.

5. Do you have an employee association that is recognised by management?

- ◇ Yes. There are recognised trade unions / Staff Association affiliated to various trade union bodies.

6. What percentage of your permanent employees is members of this recognised employee association?

- ◇ % of permanent employees as members of a recognised employee association : 69%.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

- ◇ No such complaints pertaining to child labour, forced labour, involuntary labour, sexual harassment were reported in the current financial year / were pending as at the end of the financial year.

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Sl. No	Category of Employees	Safety Training	Skill upgradation
1	Permanent Employees	90 %	90 %
2	Permanent Women Employees	90 %	100 %
3	Casual / Temporary / Contractual Employees	85 %	75 %
4	Employees with disabilities	90 %	80 %

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

1. Has the Company mapped its internal and external stakeholders? Yes/No

- ◇ Yes, the Company has identified its internal and external stakeholders.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

- ◇ The Company's CSR policy drives the initiatives undertaken by the Company towards the benefit of the disadvantaged, vulnerable and marginalised stakeholders. The systems and process are in place to systematically identify stakeholders and for understanding their concerns and for engaging with them, is reviewed from time to time.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

- ◇ The Company on a periodical basis undertakes dedicated activities as a part of its CSR initiatives for the disadvantages, vulnerable and marginalized stakeholders in and around the Company's plants.
- ◇ Education, Sports and health aids are provided to schools in rural / under-developed areas and to schools supporting differently abled children. The Company also does Lift-Irrigation programs on a large scale to support the local farming community.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers/ Contractors / NGOs / Others?

- ◇ The Company's policy on human rights is imbibed in its values and beliefs. The alignment with this value system is expected out of any person dealing with the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

- ◇ NIL under this principle.

PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT.

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.

- ◇ The Company is committed towards environmental protection and has a well-defined corporate environmental policy in place. The policy covers the Company and its employees. The Company encourages its subsidiaries, suppliers and contractors to employ environment friendly measures in their day to day operations.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

- ◇ Yes. The details on the initiatives have been explained in detail under Principle No. 2.

3. Does the Company identify and assess potential environmental risks? Y/N

- ◇ Yes. The details on the initiatives have been explained in detail under Principle No. 2.
 - ◇ Also, the Company uses environmental impact assessments, recognised environmental management standards, ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and OHSAS 18001 (Occupational Health & Safety Management System) to sharpen its focus towards achieving sustainability goals.
 - ◇ For more details on the energy conservation initiatives, please refer Annexure - VI of the Directors' report for the Financial Year 2019-20.
- 4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**
- ◇ The Company utilises its resources in an optimal and responsible manner ensuring sustainability through reduction/ re-use / re-cycling / managing waste. The Company seeks to improve its environmental performance by adopting cleaner production methods, promotion of energy efficient and environmental friendly technologies.
 - ◇ For details on the energy conservation initiatives, please refer Annexure - VI of the Directors' Report for the Financial Year 2019-20.
- 5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**
- ◇ For details on the energy conservation initiatives and initiatives on Newer Technologies, please refer Annexure - VI of the Directors' report for the FY 2019-20.
- 6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
- ◇ Yes. The Company being in manufacturing business, at all times ensures compliance with the applicable environmental laws. The Environmental policy of the Company and the ISO-1001 certification of its plants reiterates its commitment to be an environment friendly organisation setting standards in Environment management.
- 7. Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
- ◇ NIL
- PRINCIPLE 7: BUSINESS, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER.**
- 1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**
- ◇ The Company is member of the following associations:
 - Indian Paper Manufacturers Association (IPMA).
 - Indian Pulp and Paper Technical Association (IPPTA).
 - Confederation of Indian Industry (CII).
 - Hindustan Chamber of Commerce and Industry.
 - Bombay Chamber of Commerce and Industry.
 - Indo-American Chamber of Commerce and Industry.
 - Indo-German Chamber of Commerce and Industry.

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

- ◇ The Company is not actively involved in lobbying. However, as a responsible Corporate Citizen, the Company as part of Industry associations / chambers makes recommendations / representations before regulators and associations for advancement and improvement of the Industrial Climate in India.
- ◇ The Company also represents its views / opinions on Energy Security and Management, water security and sustainable business principles through various forums.

PRINCIPLE 8: BUSINESS SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

- ◇ The Company is a pioneer, in the State of Tamil Nadu, in ensuring overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development and livelihood interventions etc.
- ◇ The Company's CSR programmes are in the field of community development, water, sanitation, education, health, rural infrastructure and technical training.
- ◇ The Company has a Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act 2013 and Rules made there under. The

contents of the CSR Policy are disclosed on the website of the Company.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?

- ◇ The Company's in-house cross-functional teams comprising of Human Resources function / Environment Management function / Operations, in each of the plants of the Company, tailor their own approach and CSR initiatives. Frequent meetings, interaction programs, field visits are conducted with focus groups to make an assessment of the needs, aspirations and requirements of the people.

3. Have you done any impact assessment of your initiative?

- ◇ The Company adopts Participatory Rural Appraisal to involve people in prioritising their needs and defining type of development initiatives suited to local needs.
- ◇ For most contributions by the Company, the beneficiary sends a detailed report to the Company on how the contributions have been deployed, along with photos, wherever possible, on the results of such programs / projects.
- ◇ The Company's contribution to programs like Rural School Infrastructure Development, Lift Irrigation Schemes for farmers are resultant of the impact assessment undertaken by the Company in the relevant areas.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

- ◇ 100% of the CSR Spend by the Company is thro' Direct Contribution to Community Development Projects.
- ◇ Please refer CSR Report in Annexure VII of the Directors' Report for Financial Year 2019-20 for complete details on the spend made by the Company during the financial year ended March 31, 2020.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

- ◇ The Human Resource function / Environment Management function / Operations team, at the manufacturing locations, regularly interact with the local communities to assess the impact of community development projects undertaken by these units to ensure that the objectives and benefits of these projects are being met.
- ◇ The Company has a well-defined, transparent monitoring and review mechanism to ensure that each CSR project / program has :
 - Clear sustainable objectives developed out of societal needs that may be determined through discussions with the local communities and need assessment studies.
 - Clear targets, timelines and measurable indicators, wherever possible.
 - A progress monitoring and reporting framework that is aligned with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

PRINCIPLE 9 : BUSINESS SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER.

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

- ◇ The total number of Customer complaints which were pending at the end of the year constitutes less than 5%. Company has a well-established process whereby a cross-functional team, involving Marketing and Technical personnel, analyse each Customer Complaint in detail. The action points are identified and implemented immediately with a quick turnaround time.
- ◇ The entire process is reviewed by the Top Management on a monthly basis.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No / N.A. /Remarks (additional information)

- ◇ Yes. Wherever relevant, the Company encourages that its packaging / labelling contain detailed information regarding safe handling, storage and use, which are over and above what is mandated as per local laws.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

- ◇ There have been no cases filed against the Company, by any stakeholder, during the year, on issues relating to unfair trade practices, irresponsible advertising and / or anti-competitive behaviour.
- ◇ Allegation, leveled against large paper manufacturers in India (including

our Company) of simultaneous price increases during the period January 2012 - December 2013, is currently under evaluation by the Competition Commission of India.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

◇ The Company is focused on delivering value to its customers and, therefore, customer satisfaction surveys are carried out on an annual basis. Through this annual customer surveys, feedback is

obtained from our Channel Partners (Indentors) and Customers on Sales Process, Marketing Policies, Sales Accounting and Settlements, Delivery / Order fulfillment, Product Quality, Service and Support, Compliant handling process and overall Customer Satisfaction.

◇ In addition, the Company also has a systematic quarterly interactions with all the Channel Partners on Market feedback, Product Development, Price indications, etc.

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 03 2020

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

I. REGISTRATION AND OTHER DETAILS :

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sl. No.	Name and Address of the Company	CIN / GLN	Holding Subsidiary / Associate	% of shares held	Applicable Section
1	M/s Esvi International (Engineers & Exporters) Limited Esvin House Old Mahabalipuram Road Perungudi Chennai 600 096	U51909TN19 78PTC007495	Subsidiary	100	2(87) of Companies Act, 2013
2	M/s Ponni Sugars (Erode) Limited Esvin House Old Mahabalipuram Road Perungudi Chennai 600 096	L15422TN19 96PLC037200	Associate	27.45	2(6) of Companies Act, 2013

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

(i) Category-wise shareholding

Category of shareholders	No. of shares held at the face value of ₹ 10/- at the beginning of the year (01 04 2019)				No. of shares held at the face value of ₹ 2/- at the end of the year (31 03 2020)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Shareholding of Promoter and Promoter Group									
(1) Indian									
(a) Individual / HUF	18352	0	18352	0.15	91760	0	91760	0.15	0.00
(b) Central / State Government	--	--	--	--	--	--	--	--	--
(c) Bodies Corporate	3813957	0	3813957	30.23	19069785	0	19069785	30.23	0.00
(d) Banks / FI	--	--	--	--	--	--	--	--	--
(e) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (A) (1)	3832309	0	3832309	30.38	19161545	0	19161545	30.38	0.00
(2) Foreign									
(a) NRIs-Individuals	--	--	--	--	--	--	--	--	--
(b) Bodies Corporate	1547695	0	1547695	12.27	7738475	0	7738475	12.27	0.00
(c) Institutions	--	--	--	--	--	--	--	--	--
(d) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(e) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (A) (2)	1547695	0	1547695	12.27	7738475	0	7738475	12.27	0.00
Total Shareholding of Promoter & Promoter Group(A)=(A)(1)+(A)(2)	5380004	0	5380004	42.65	26900020	0	26900020	42.65	0.00
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds / UTI	0	200	200	0.00	0	1000	1000	0.00	0.00
(b) Banks / FI	3387	2964	6351	0.05	23886	14820	38706	0.06	0.01
(c) Central / State Government	0	1800000	1800000	14.27	0	9000000	9000000	14.27	0.00
(d) Venture Capital Funds	--	--	--	--	--	--	--	--	--
(e) Insurance Companies	428678	0	428678	3.40	1570953	0	1570953	2.49	-0.91
(f) Foreign Institutional Investors	--	--	--	--	--	--	--	--	--
(g) Foreign Venture Capital Investors	--	--	--	--	--	--	--	--	--
(h) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(i) Any other (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (B) (1)	432065	1803164	2235229	17.72	1594839	9015820	10610659	16.82	-0.90

(i) Category-wise shareholding (Contd.)

Category of shareholders	No. of shares held at the face value of ₹ 10/- at the beginning of the year (01 04 2019)				No. of shares held at the face value of ₹ 2/- at the end of the year (31 03 2020)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non Institutions									
(a) Bodies Corporate (Indian)	678904	2654	681558	5.40	3280014	12760	3292774	5.22	-0.18
(b) Individuals (Resident / NRI / Foreign National)									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1323844	289605	1613449	12.79	6869673	1230070	8099743	12.84	0.05
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	934829	19506	954335	7.57	5254621	97530	5352151	8.49	0.92
(c) Qualified Foreign Investor	--	--	--	--	--	--	--	--	--
(d) Any other (specify)									
Foreign Portfolio Corporate - 1 & 2	208037	--	208037	1.65	5038678	--	5038678	7.99	6.34
Foreign Portfolio Corporate - 3	796628	--	796628	6.32	--	--	--	--	-6.32
Investor Education Protection Fund	164856	--	164856	1.31	864665	--	864665	1.37	0.06
Trusts	8272	568181	576453	4.57	40695	2840905	2881600	4.57	--
Alternate Investment Fund	897	--	897	0.01	--	--	--	--	-0.01
Limited Liability Partnership	300	--	300	0.00	5070	--	5070	0.01	0.01
Corporate Body - NBFC	109	--	109	0.00	--	--	--	--	0.00
Clearing Member	1773	--	1773	0.01	22780	--	22780	0.04	0.03
Sub-Total (B) (2)	4118449	879946	4998395	39.63	21376196	4181265	25557461	40.53	0.90
Total Public Shareholding (B) = (B)(1) + (B)(2)	4550514	2683110	7233624	57.35	22971035	13197085	36168120	57.35	0.00
(c) Share held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	9930518	2683110	12613628	100.00	49871055	13197085	63068140	100.00	0.00

(ii) Shareholding of Promoters :

Sl No.	Shareholder's Name	No. of shares held at the face value of ₹ 10/- at the beginning of the year (01 04 2019)			No. of shares held at the face value of ₹ 2/- at the end of the year (31 03 2020)			% 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	8840905	14.02	0	0.00
2	Synergy Investments Pte Limited	1547695	12.27	0	7738475	12.27	0	0.00
3	Time Square Investments Private Limited	1257621	9.97	0	6288105	9.97	0	0.00
4	Dhanashree Investments Private Limited	590258	4.68	0	2951290	4.68	0	0.00
5	Ultra Investments and Leasing Co.Pvt Ltd	185296	1.47	0	926480	1.47	0	0.00
6	High Energy Batteries (India) Limited	10329	0.08	0	51645	0.08	0	0.00
7	SPB Projects and Consultancy Limited	2272	0.02	0	11360	0.02	0	0.00
8	N Gopalaratnam	9231	0.07	0	46155	0.07	0	0.00
9	K S Kasi Viswanathan	582	0.00	0	2910	0.00	0	0.00
10	V Pichai	8539	0.07	0	42695	0.07	0	0.00
	Total	5380004	42.65	0	26900020	42.65	0	0.00

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

Sl No.		No. of shares held at the face value of ₹ 10/- at the beginning of the year (01 04 2019)		No. of shares held at the face value of ₹ 2/- at the end of the year (31 03 2020)	
		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 2019	5380004	42.65		
	Date wise increase / Decrease in Promoters Shareholding during the year			--	--
	At the end of the year 31 03 2020			26900020	42.65
	Hence there is no change in Promoter's Shareholding				

** There is no change in Promoter's Shareholding in % of Total Shares during the year. However, the total number of shares, held by Promoters, has increased only to the extent of the sub-division of Equity Shares of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/- (Two) each fully paid up.

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

Sl No.		No. of shares held at the face value of ₹ 10/- at the beginning of the year (01 04 2019)		Increased / Decreased in the shareholding		No. of shares held at the face value of ₹ 2/- at the end of the year (31 03 2020)	
		No. of Shares	% of Total shares of the Company	Date	No. of Shares	No. of Shares	% of Total shares of the Company
1	The Tamilnadu Industrial Investment Corporation Limited						
	At the Beginning of the year 01 04 2019	1800000	14.27				
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**7200000	9000000	14.27
	At the end of the year 31 03 2020					9000000	14.27
2	Atyant Capital India Fund I						
	At the Beginning of the year 01 04 2019	676628	5.36				
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**2706512	3383140	5.36
	At the end of the year 31 03 2020					3383140	5.36
3	Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust						
	At the Beginning of the year 01 04 2019	568181	4.50				
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**2272724	2840905	4.50
	At the end of the year 31 03 2020					2840905	4.50

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

Sl No.		No. of shares held at the face value of ₹ 10/- at the beginning of the year (01 04 2019)		Increased / Decreased in the shareholding		No. of shares held at the face value of ₹ 2/- at the end of the year (31 03 2020)	
		No. of Shares	% of Total shares of the Company	Date	No. of Shares	No. of Shares	% of Total shares of the Company
4	Coromandel Sugars Limited						
	At the Beginning of the year 01 04 2019	474463	3.76				
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**1897852	2372315	3.76
	At the end of the year 31 03 2020					2372315	3.76
5	Life Insurance Corporation of India						
	At the Beginning of the year 01 04 2019	428678	3.39				
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**1714712	2143390	3.39
	Sale			08 11 2019	51599	2091791	3.32
	Sale			15 11 2019	250000	1841791	2.92
	Sale			22 11 2019	87120	1754671	2.78
	Sale			29 11 2019	67778	1686893	2.67
	Sale			27 12 2019	1719	1685174	2.67
	Sale			31 12 2019	11220	1673954	2.65
	Sale			03 01 2020	46676	1627278	2.58
	Sale			10 01 2020	14219	1613059	2.55
	Sale			17 01 2020	22227	1590832	2.52
	Sale			24 01 2020	19879	1570953	2.49
	At the end of the year 31 03 2020					1570953	2.49
6	Pushpa Devi Saraogi						
	At the Beginning of the year 01 04 2019	224999	1.78				
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**899996	1124995	1.78
	At the end of the year 31 03 2020					1124995	1.78
7	Usha Devi Saraogi						
	At the Beginning of the year 01 04 2019	224990	1.78				
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**899960	1124950	1.78
	At the end of the year 31 03 2020					1124950	1.78

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

Sl No.		No. of shares held at the face value of ₹ 10/- at the beginning of the year (01 04 2019)		Increased / Decreased in the shareholding		No. of shares held at the face value of ₹ 2/- at the end of the year (31 03 2020)	
		No. of Shares	% of Total shares of the Company	Date	No. of Shares	No. of Shares	% of Total shares of the Company
8	Investor Education and Protection Fund Authority						
	At the Beginning of the year 01 04 2019	164856	1.31				
	Claim			24 05 2019	100	164756	1.31
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**659024	823780	1.31
	Share Transferred			18 10 2019	40945	864725	1.37
	Claim			17 01 2020	60	864665	1.37
	At the end of the year 31 03 2020					864665	1.37
9	Gothic Corporation						
	At the Beginning of the year 01 04 2019	159472	1.26				
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**637888	797360	1.26
	At the end of the year 31 03 2020					797360	1.26
10	Sathyamoorthi Devarajulu						
	At the Beginning of the year 01 04 2019	103000	0.82				
	Purchase			17 05 2019	2100	105100	0.83
	Purchase			24 05 2019	11900	117000	0.92
	Purchase			14 06 2019	3000	120000	0.95
	Sub-division from the face value of ₹ 10/- into ₹ 2/-			21 08 2019	**480000	600000	0.95
	Purchase			27 09 2019	5000	605000	0.96
	Purchase			01 11 2019	5000	610000	0.97
	Purchase			20 03 2020	912	610912	0.97
	At the end of the year 31 03 2020					610912	0.97

** Consequent to the approval of the shareholders of the Company in the Annual General Meeting held on July 27, 2019, the Company had completed sub-division of Equity Share of face value of ₹ 10/- (Ten) each fully paid up into five Equity Shares of face value of ₹ 2/- (Two) each fully paid up. This sub-division was made effective August 21, 2019 (with August 20, 2019 as Record Date).

(v) Shareholding of Directors and Key Managerial Personnel :

Sl No.		No. of shares held at the face value of ₹ 10/- at the beginning of the year (01 04 2019)		No. of shares held at the face value of ₹ 2/- at the end of the year (31 03 2020)	
		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 2019	9231	0.07		
	At the end of the year 31 03 2020			46155	0.07
2	Sri K S Kasi Viswanathan				
	At the Beginning of the year 01 04 2019	582	0.00		
	At the end of the year 31 03 2020			2910	0.00
3	Sri V Pichai				
	At the Beginning of the year 01 04 2019	8539	0.07		
	At the end of the year 31 03 2020			42695	0.07

V INDEBTEDNESS :

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

	Secured Loans excluding deposits (₹ crores)	Unsecured Loans (₹ crores)	Deposits (₹ crores)	Total Indebtedness (₹ crores)
Indebtedness at the beginning of the financial year				
(i) Principal Amount	85.20	14.85	--	100.05
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	0.09	--	--	0.09
Total (i)+(ii)+(iii)	85.29	14.85	--	100.14
Change in Indebtedness during the financial year				
Addition	15.41	--	--	15.41
Reduction	100.70	3.10	--	103.80
Net Change	- 85.29	- 3.10	--	- 88.39
Indebtedness at the end of the financial year				
(i) Principal Amount	--	11.75	--	11.75
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	--	--	--	--
Total (i)+(ii)+(iii)	--	11.75	--	11.75

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	1252774	1252774	2515548
	(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	604806	513858	513858	1632522
	Total (A)	18729406	17157232	17157232	53043870
	Ceiling as per the Act				254469158

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				
	Dr S Narayan	225000	500000	--	725000
	Sri V Sridar	725000	500000	--	1225000
	Sri A L Somayaji	300000	500000	--	800000
	Sri Mohan Verghese Chunkath	200000	500000	--	700000
	Dr Nanditha Krishna	150000	500000	--	650000
2	Other Non-Executive Directors				
	Sri Deepak Srivastava, IFS	25000*	500000*	--	525000
	Dr.(Tmt.) M Aarthi, IAS	--	423497*	--	423497
	Total (B)	1625000	3423497	--	5048497
	Total managerial Remuneration (A+B)				58092367
	Over all ceiling as per Act				279916073

Payable to Government of Tamilnadu

* Payable to The Tamilnadu Industrial Investment Corporation Limited; payable on pro-rata basis, since directorship not held throughout the year.

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

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

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

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

FORM NO. AOC - 2

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

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

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

NIL

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

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

- (i) Control :

Esvi International (Engineers & Exporters) Limited

SPB Equity Shares Trust

- (ii) Presumption of significant influence :

Ponni Sugars (Erode) Limited

SPB Projects and Consultancy Limited

Time Square Investments Private Limited

Dhanshree Investments Private Limited

Ultra Investments and Leasing Company Private Limited

- (iii) Key Managerial Personnel :

Sri N Gopalaratnam, Chairman

Sri K S Kasi Viswanathan, Managing Director

Sri V Pichai, Deputy Managing Director & Secretary

- (b) Nature of contracts / arrangements / transactions :

Details of transactions with the above Related Parties are provided in Note No. 40 to the Accounts for the Financial year 2019-20.

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 2019-20 and hence, none of them are material in nature.

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

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

NIL

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

**(Section 134(3)(m) of the Companies Act, 2013, read with
Rule 8(3) of the Companies (Accounts) Rules, 2014)**

A. CONSERVATION OF ENERGY

(i) Steps taken / Impact on Conservation of Energy:

Unit : Erode

- ◇ Energy audit of Chemical Recovery Complex and the Captive Power Plant was carried out by M/s Confederation of Indian Industry, to identify opportunities for energy conservation.
- ◇ Energy meters have been installed in major equipments of Paper Machine 1 to 4, for better monitoring and control of energy consumption.
- ◇ Identification of Mill wide high power consuming equipments, for close monitoring and control.
- ◇ Refiners' operations optimized in wood pulp Street, for power saving in Paper Machine - 5.
- ◇ 110 KW vacuum pump motor stopped in the Press felt Uhle box, in Paper Machine - 5.
- ◇ Operating time of the UTM pulper pump and agitator has been optimized, in Paper Machine - 5.

Unit : Tirunelveli

- ◇ Installation of 75 Nos of 35 Watts LED street lights in ETP, Canteen and Worker residential areas.

- ◇ Installation of Variable frequency drives in the Flat box seal pit pump.
- ◇ Installation of Variable frequency drives in the PV blower.
- ◇ Mill wide mandatory energy audit has been conducted to identify the opportunities for energy conservation.
- ◇ Energy meters have been fixed to track the energy consumption in the important equipments and feeders.

(ii) Steps taken for utilizing alternate Sources of Energy:

Unit : Erode & Tirunelveli

- ◇ Maximum utilization of bio gas in place of furnace oil in rotary lime kiln at Unit : Erode.
- ◇ Constant Monitoring of the power generation from chemical recovery complex which is a bio-mass power plant at Unit: Erode.
- ◇ Paper Machine # 5 compressors are planned to be replaced by screw compressors at Unit: Erode.
- ◇ Installation of Solar street lights in the mill and River water intake well pump house at Unit: Tirunelveli.

B. TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

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

Unit: Erode

(i). Pulping and Bleaching

- ◇ Pulping and bleaching experiments were carried using various fibrous raw materials to assess their suitability for papermaking.
- ◇ High yielding Casuarina Hybrid clones were procured from Institute of Forest genetics and tree breeding, Coimbatore and large scale production was carried out in our Nursery. These clones are being supplied to various farmers for cultivation to improve soil fertility and productivity.

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 Super white (Sublimation Paper), High brite chromo paper and MG Eco-Board for Cup stock were developed.
- ◇ Introduction of Core board kraft 350 gsm for core pipe production with good core compression strength.
- ◇ Usage of precipitated Calcium carbonate filler in place of Ground Calcium carbonates at MF3 Machine in copier variety to improve Bulk and opacity.
- ◇ China clay was replaced with Ground calcium carbonate in Coating plant to improve the Brightness of chromo coated paper as required by the market.
- ◇ Introduction of anionic polymer in MF2 Machine sizing program to improve

wet end stability, retention of fines and fillers.

- ◇ Usage of DM water for retention aid preparation system in place of bore well water to give uniform solution and to improve machine runnability.
- ◇ Alternate suppliers were introduced for hydrogen peroxide, Dyes, Polymers and Caustic lye to help to create competitiveness and cost reduction.
- ◇ MP steam was replaced by LP steam in enzymatic conversion of native starch, to improve quality of cooked starch with reduced energy consumption.
- ◇ Felt conditioning program was introduced to improve machine runnability and improved felt life.
- ◇ New biocide program was introduced in MF1 Machine to improve machine runnability.

Unit: Tirunelveli

- ◇ Double doctor new holder introduced in press part to reduce paper passing time after a break.
- ◇ Press part wetting shower water quality improved by incorporation of DM water to avoid shower chocking and to reduce paper passing time after break.
- ◇ Incorporated 6 Nos of stabilized boxes at uni-run to adjust paper fluttering and to eliminate / minimize paper crease at uni-run and to minimize paper break at uni-run.
- ◇ Trial on Bio bleaching has been done in De-inking process to reduce chemical consumption and to raise brightness of De-inked waste paper pulp.
- ◇ Wetlap machine commissioned in June 2019 to supply DIP Wetlap pulp to store and also send to Erode.

- ◇ Multi-storied stacking arrangement has been installed for American copier grade paper to increase stacking height.
- ◇ Installation of solar lightings in mill's vicinity is under progress, in a phased manner.

(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 to get gives higher productivity for farmers.
- ◇ Short rotation and high pulp yield wood variety called "Meliadubia" has been developed through clonal propagation and supplied to farmers for cultivation. We have started receiving more materials.
- ◇ Achieved cost reduction with improved paper quality by implementing the above modifications.

Unit : Tirunelveli :

- ◇ In Boiler, coating of bed coil with Plascrete 90D was done, which has improved life of bed coil.
- ◇ Dust Collector was commissioned for Size Press Starch handling area.
- ◇ Scraper blade, which was being imported, giving a life of only 20 days. We introduced the practice of grinding used blades in-house and life of the blades increased beyond one month.
- ◇ Reusing DIP back water in process has been introduced and fresh water consumption is reduced.

- ◇ Efforts have been taken to establish American A4 copier grade quality for Indian markets in Indian A4 size and its feedback is positive.
- ◇ Exclusive cutter for Silverbrite and Super fine has been installed catering to the needs of customers about 10 tons a day (MAMCO). Sheet production increased by 13% in 2019-20 (from 27,626 MT in 2018-19 to 31,318 MT in 2019-20).
- ◇ Imported pulp (BKP and BCTMP) was reduced in 2019-20 by maximising the consumption of Wetlap from Erode.

Future plan of Action :

Unit: Erode :

- ◇ Planning to go for on-site PCC plant.
- ◇ Recycling of waste water by proper treatment in each stage without affecting the quality for water conservation.
- ◇ Replacement of basic dyes with Pigment / direct dyes to improve light fastness.
- ◇ Development of New products as per market requirement.
- ◇ Conducting plant trials for ASA sizing process with different chemical suppliers and implementation.
- ◇ Conducting plant trials with various chemical additive to optimize the cooking and bleaching process for improving pulp quality.

Unit : Tirunelveli :

- ◇ In order to reduce water consumption in the process / increase recycling potential, effective utilization of treated effluent in paper making is

under evaluation through COLOUR REMOVAL programme in the treated effluent.

- ◇ Evaluation of mitigation of methane biogas released from Anaerobic Digester in ETP is under progress to enhance Green Energy.

(iii) Imported Technology:

Nil

(iv) Expenditure incurred on Research & Development

₹ 1.44 crores (Previous Year - ₹ 0.75 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.

	2019-20	2018-19
	(₹ crores)	(₹ crores)
Earnings	215.47	215.08
Outgo	194.03	224.67

REPORT ON CSR ACTIVITIES

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

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

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

CSR Policy

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

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

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

- 2 The Composition of the CSR Committee.
 - Sri N Gopalaratnam, Chairman
 - Sri V Sridar, Independent Director
 - Sri K S Kasi Viswanathan, Managing Director
 - Sri V Pichai, Deputy Managing Director & Secretary
- 3 Average net profit (Profit Before Tax excluding Dividend Income and Exceptional Income) of the Company for last three financial years.

₹ 202.26 crores
- 4 Prescribed CSR Expenditure (two percent of the amount as in item 3 above).

₹ 4.05 crores
- 5 Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;

₹ 4.24 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	:	0.83
2	Contribution to Laying of Bitumen Roads / Tank Deepening Work in nearby villages	:	0.72
3	Supply of Drinking Water to nearby villages	:	0.74
4	Contribution towards Pipe Line work for Lift Irrigation Scheme in nearby villages	:	0.15
5	Contribution to Kalivuneer & Kinatru Pasana Sangam in nearby villages	:	0.99
6	Expenses on running and maintenance of Rural Primary Health Centres and Other contributions to charitable institutions, rural development programs, educational assistance to deserving students, medical assistance, medical camps, etc.	:	0.81
	Total	:	4.24

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

Not Applicable.

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

Responsibility Statement :

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

Sd/
(N Gopalaratnam)
Chairman of CSR Committee

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

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

Sl No.	Description			
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Chairman Managing Director (MD) Deputy Managing Director & Secretary (DMD&S)	34:1 32:1 32:1	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	(-) 2 % (-) 9 % (-) 9 %	Note-2
3	The percentage increase in the median remuneration of employees in the financial year		5%	Note-3
4	The number of permanent employees on the rolls of Company		1290	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in the salary of employees other than managerial persons Managerial remuneration	5.54% (-) 7%	
6	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes. Remuneration is as per the Remuneration Policy of the Company.		

Notes:

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

- 2 The remuneration package of three Whole-time Directors is revised once in three years. The reduction in remuneration package of Managing Director and Deputy Managing Director & Secretary, in Financial Year 2019-20, is mainly due to arrears of Medical Allowance of earlier years, paid in the previous Year (i.e paid in FY 2018-19).
- 3 For the current year, there is no change in the remuneration paid, except for increase in Dearness Allowance and annual increments.

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

SI No.	Description	Particulars		
1	Name of the employee	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
2	Designation	Chairman	Managing Director	Deputy Managing Director & Secretary
3	Remuneration received	₹ 1.88 crores	₹ 1.71 crores	₹ 1.71 crores
4	Nature of employment	Contractual	Contractual	Contractual
5	Qualification & experience	B. Sc., B. E. (Mech.) 47 years	B. Tech., MMA 41 years	B. Com., A.C.A., A.C.S., CAIIB 46 years
6	Date of commencement of employment	01 04 1988	13 03 1991	12 06 1980
7	Age of such employee	73	69	72
8	Last employment	Project Specialist, SPB Projects & Consultancy Limited	Project Coordinator, SPB Projects & Consultancy Limited	Manager, Indian Bank
9	% of Equity shares held	Negligible (46155)	Negligible (2910)	Negligible (42695)
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.

Erode
May 30, 2020

For Board of Directors
(N GOPALARATNAM)
Chairman

B K SUNDARAM & ASSOCIATES

COMPANY SECRETARIES.

B.KALYANASUNDARAM,

B.Com., ACMA., ACS.,

OFFICE :

30, PANDAMANGALAM AGRAHARAM,

WORIUR, TRICHY-620003.

PHONE : 0431-2761590.

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020**

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

To

The Members

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 electronically 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, 2020 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 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents)

Regulations, 1993 regarding the Companies Act and dealings with client;

- (v) Other Laws applicable specifically to the Company:
 - a. Acts and Rules prescribed under prevention and control of pollution.
 - b. Acts and Rules relating to Environment protection, energy conservation and Hazardous substances and Chemicals.
 - c. Acts and Rules relating to boilers, electricity, explosives, fire, etc.

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

- (i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

- (i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and

Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that:

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

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

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

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

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

Regulations, Guidelines, Standards, etc., referred to above.

FOR B K SUNDARAM & ASSOCIATES
Company Secretaries

Sd/-

(B KALYANASUNDARAM)

Company Secretary

ACS NO. A672. CP. NO. 2209

UDIN: A000672B000272031

Place: Tiruchy

Date : 22 05 2020

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 2020 OF
M/s. SESHASAYEE PAPER AND BOARDS LIMITED**

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.
2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information electronically 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
UDIN: A000672B000272031

Place: Tiruchy
Date : 22 05 2020

FORM NO. AOC - 1

**Statement containing salient features of the financial statement of
Subsidiary / Associate Company
(Pursuant to first proviso to Sub-section (3) of Section 129 read with Rule 5 of
Companies (Accounts) Rules, 2014)**

Part "A": Subsidiary

1	Sl No.	:	1
2	Name of the Subsidiary	:	Esvi International (Engineers & Exporters) Limited
3	Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	:	31 st March 2020
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	:	₹ 1.22 crores
7	Total Assets	:	₹ 2.69 crores
8	Total Liabilities	:	₹ 0.22 crore
9	Investments	:	₹ 0.08 crore
10	Turnover	:	₹ 0.27 crore
11	Profit before taxation	:	₹ 0.13 crore
12	Provision for taxation	:	₹ 0.05 crore
13	Profit after taxation	:	₹ 0.08 crore
14	Proposed Dividend	:	Nil
15	% of shareholding	:	100%

Note : There are no Subsidiaries :

- (i) which are yet to commence operations and
- (ii) which have been liquidated or sold during the year

Part "B": Associate

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

1	Name of the Associate	:	Ponni Sugars (Erode) Limited
2	Latest audited Balance Sheet Date	:	31 st March 2020
3	Shares of Associate held by the Company on the year end	:	
	No.	:	23 60 260
	Amount of Investment in Associates / Joint Venture	:	₹ 19.60 crores
	Extend of Holding %	:	27.45%
4	Description of how there is significant influence	:	The Explanation to Section 2(6) of the Companies Act, 2013 provides that Significant Influence means control of at least 20% of total share capital. The Company holds more than 20% in the Equity Share Capital of its Associate. Hence, the Company is having Significant Influence over it Associate.
5	Reason why the Associate is not consolidated	:	Not applicable
6	Net Worth attributable to Shareholding as per latest audited Balance Sheet	:	₹ 67.93 crores
7	Profit / Loss for the year	:	₹ 30.94 crores
	Considered in Consolidation	:	₹ 8.52 crores
	Not considered in Consolidation	:	₹ 22.42 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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
Chairman

V. SRIDAR
S NARAYAN
A.L. SOMAYAJI
DR. NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
DEEPAK SRIVATSAVA
Directors.
K S KASI VISWANATHAN
Managing Director

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

Erode
May 30, 2020

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

R SUBRAMANIAN AND COMPANY LLP
CHARTERED ACCOUNTANTS

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

Report on the audit of Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information hereinafter referred to as Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Profit (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in

accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- a) Attention is invited to note no 1 B (1.2) (g) of the financial statements which is extracted below :

"The Company has considered the possible effects that may result from the COVID-19 pandemic on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered".

- b) Due to Covid-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the management at the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence -

Specific consideration for stipulated items', which includes inspection of supporting documentation relating to purchases, production, sales, physical verification performed by the management and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the standalone financial statements.

Our opinion on the Financial Statements is not modified in respect of the above matters.

Key Audit Matters

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

Key Audit Matters	Response to Key Audit Matters & conclusion
<p>◇ Purchase of Bagasse - Raw material from related party.</p> <p>During the year, the Company has purchased Bagasse from a related party (Associate) for an aggregate purchase value of ₹ 13.73 crores, pursuant to a long-term agreement with the related party.</p> <p>We considered the purchase of Bagasse from a related party as a key audit matter as it constitutes a significant percentage of bagasse purchases, a key raw material.</p> <p>The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the quantities of Bagasse supplied, the calorific value of fuel supplied by the Company and the calorific value of Bagasse determined by the both the parties.</p>	<p>◇ We understood and tested the design and operating effectiveness of controls as established by the management in determining the various parameters and the ultimate price determination.</p> <p>◇ We have also tested the relevant records and found the price determination to be in accordance with the agreement. Based on the above procedures, in our opinion the management's determination of the price of Bagasse for the year is considered to be reasonable.</p> <p>◇ The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the calorific value of fuel supplied by the related party and the calorific value of Bagasse determined by both the parties.</p>
<p>◇ As on 31st March 2020, the Company carries cash and bank balances of ₹ 325.26 crores. We considered the amount of cash and bank balance as a key audit matter given the relative size of the balance in the financial statements.</p>	<p>◇ We have verified and tested the design and operating effectiveness of controls with regard to maintenance of cash balances and preparation of bank reconciliation statements.</p> <p>◇ We have verified the cash balance at the end of the year as well as the bank reconciliation statements.</p> <p>◇ We have also received confirmation of balances from banks directly which corroborates with the results of our audit procedures.</p>

Key Audit Matters	Response to Key Audit Matters & conclusion
<p>◇ Provision for Income-tax has been made considering the deduction under Section 80-IA in respect of the Captive Power Plant as well as MAT credit [Refer Note No. 35 (B)]. We consider this as a key audit matter given the relative significance of the tax provision in the Statement of Profit and Loss.</p>	<p>◇ We have verified the estimates and judgements made by the management in computing the income for the year as well as the deduction under Section 80-IA and found them to be consistent with the basis adopted in the earlier years and based on legal opinion.</p> <p>◇ We have also verified the MAT credit available with the income-tax returns filed for the financial year 2018-19.</p> <p>◇ Based on these procedures, the management's estimate of provision for tax is found reasonable.</p>

Information Other Than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information in the Annual Report, comprising of the Director's report and its annexures, but does not include the standalone financial statements and our auditor's report thereon.

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

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

Management Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the

Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with other accounting principles generally accepted in India, including the Accounting Standards specified 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

We also :

- ◇ Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◇ Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls system in place and the operating effectiveness of such controls.

- ◇ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ◇ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ◇ Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably

knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by 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.
2. As required by Section 143 (3) of the Act, we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by

the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements Comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2020 from being appointed as a Director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197 (16) of the Act, as amended:

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

- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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. 004137S /S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

Place : Chennai

Date : May 30, 2020

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, 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the

extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls over Financial Reporting,

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

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at March 31, 2020, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by 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. 004137S /S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

Place : Chennai

Date : May 30, 2020

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 the year end 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 any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties 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, Duty of Customs, 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 2020 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 2020 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	0.08	CESTAT	December 2005 - June 2007
- do -	- do -	0.02	Hon'ble High Court of Madras	07 12 2008
Service Tax (Finance) Act, 1994	Service Tax	0.10	CESTAT	April 2016 - June 2017

Name of the Statute	Nature of dues	Amount ₹ crores	Forum where the dispute is pending	Period to which the dues belong
Customs Act, 1962	Customs Duty	6.24	CESTAT	March 2012 - January 2013
- do -	- do -	0.19	- do -	13 12 2002
- do -	- do -	0.09	- do -	18 01 2018
- 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. The Company has not issued any Debentures.
- (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 or reported during the year any fraud by the Company or any fraud on the Company by its Officers or employees.
- (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. However, the provision of commission to Non-Whole time Directors for ₹ 0.34 crores, is subject to the approval of the shareholders.
- (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

R SUBRAMANIAN AND COMPANY LLP

Firm Regn. No. 004137S /S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

Place : Chennai

Date : May 30, 2020

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE BALANCE SHEET AS AT 31st MARCH 2020

Particulars	Note No.	As At 31-03-2020 ₹ crores	As At 31-03-2019 ₹ crores
(A) ASSETS			
1 Non-current Assets			
(a) Property, Plant and Equipment	2	672.51	669.60
(b) Capital Work-in-Progress	2(A)	31.03	23.36
(c) Other Intangible Assets	2(B)	2.08	2.26
(d) Financial Assets			
(i) Investments	3	84.27	95.25
(ii) Loans	4	24.70	29.62
(e) Other Non-current Assets	5	13.57	8.99
Total Non-current Assets		828.16	829.08
2 Current Assets			
(a) Inventories	6	169.44	134.57
(b) Financial Assets			
(i) Trade Receivables	7	80.83	79.25
(ii) Cash and Cash Equivalents	8	204.56	64.63
(iii) Bank balances other than (ii) above	9	120.70	245.94
(iv) Loans	10	—	0.62
(v) Others	11	1.15	3.56
(c) Current Tax Assets (Net)	12	0.64	—
(d) Other Current Assets	13	21.57	52.85
Total Current Assets		598.89	581.42
Total Assets		1427.05	1410.50
(B) EQUITY AND LIABILITIES			
I EQUITY			
(a) Equity Share Capital	14	12.61	12.61
(b) Other Equity	15	985.85	855.15
Total Equity		998.46	867.76

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE BALANCE SHEET AS AT 31st MARCH 2020 (Contd.)

Particulars	Note No.	As At 31-03-2020 ₹ crores	As At 31-03-2019 ₹ crores
II LIABILITIES			
1 Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	6.63	51.48
(ii) Other Financial Liabilities	17	17.21	17.00
(b) Provisions	18	20.17	17.92
(c) Deferred Tax Liabilities (net)	19	149.23	121.60
(d) Other Non-current Liabilities	20	2.19	3.29
Total Non-current Liabilities		195.43	211.29
2 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	21	194.99	258.52
(ii) Other Financial Liabilities	22	26.83	62.99
(b) Other Current Liabilities	23	5.35	5.10
(c) Provisions	24	4.59	3.69
(d) Current Tax Liabilities	25	1.40	1.15
Total Current Liabilities		233.16	331.45
Total Equity and Liabilities		1427.05	1410.50

See accompanying Notes to the Standalone Financial Statements.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
Chairman

V. SRIDAR
S NARAYAN
A.L. SOMAYAJI

DR. NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
DEEPAK SRIVATSAVA
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

Erode
May 30, 2020

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020

Particulars	Note No.	Year ended 31-03-2020		Year ended 31-03-2019	
		₹ crores	₹ crores	₹ crores	₹ crores
I Revenue from Operations					
Revenue from Sale of Products	26A	1173.41		1312.56	
Other Operating Revenues	26B	10.57		12.68	
II Other Income	27	23.87		23.06	
III Total Income (I+II)			1207.85		1348.30
IV Expenses:					
Cost of Materials Consumed	28	600.89		659.83	
Purchase of Stock-in-Trade	29	30.48		33.42	
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress	30	- 53.05		0.52	
Employee Benefits Expense	31	82.32		69.28	
Finance Cost	32	6.89		13.81	
Depreciation and Amortisation Expenses	33	35.00		33.78	
Other Expenses	34	256.50		266.35	
Total Expenses (IV)			959.03		1076.99
V Profit before Exceptional Items and Tax (III-IV)			248.82		271.31
VI Exceptional Items			—		—
VII Profit / (Loss) Before Tax (V+VI)			248.82		271.31
VIII Tax Expenses	35				
(1) Current Tax		45.17		58.20	
(2) Deferred Tax		29.05		23.11	
			74.22		81.31
IX Profit / (Loss) for the period from Continuing Operations (VII-VIII)			174.60		190.00

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020 (Contd.)

Particulars	Note No.	Year ended 31-03-2020 ₹ crores	Year ended 31-03-2019 ₹ crores
IX Profit / (Loss) for the period from Continuing Operations (VII-VIII)		174.60	190.00
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	42	- 1.30	- 0.04
(ii) Net Fair Value Gain on investment in Equity Instruments through OCI		- 10.98	- 2.63
(iii) Income Tax relating to items that will not be reclassified to Statement of Profit and Loss		0.50	- 0.03
		- 11.78	- 2.70
B (i) Items that will be reclassified to Statement of Profit and Loss		- 2.63	2.63
(ii) Income Tax relating to items that will be reclassified to Statement of Profit and Loss		0.92	- 0.92
		- 1.71	1.71
Total Other Comprehensive Income (A + B)		- 13.49	- 0.99
XI Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the Period) (IX+X)		161.11	189.01
XII Earnings per Equity Shares (face value of ₹ 2 each)	41		
(1) Basic		27.68	30.13
(2) Diluted		27.68	30.13
See accompanying notes to the Standalone Financial Statements.			

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
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Partner
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Erode
May 30, 2020

N Krishnamurthy
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V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020

₹ crores

A) EQUITY SHARE CAPITAL

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the reporting year	12.61	12.61
Changes in Equity Share Capital during the year	—	—
Balance at the end of the reporting year	12.61	12.61

B) OTHER EQUITY

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow hedge Reserve	Total
Balance as at April 01, 2018 (A)	37.16	3.60	500.00	89.21	58.98	—	688.95
Additions during the year							
Profit for the year	—	—	—	190.00	—	—	190.00
Items of OCI for the year (net of taxes) :							
Remeasurement of Defined Benefit Plans (Refer Note No. 42)	—	—	—	- 0.02	—	—	- 0.02
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	- 2.68	—	- 2.68
Items that will be reclassified to Statement of Profit and loss	—	—	—	—	—	1.71	1.71
Total Comprehensive Income for the Year 2018-19 (B)	—	—	—	189.98	- 2.68	1.71	189.01
Reductions during the year							
Dividends	—	—	—	18.92	—	—	18.92
Income Tax on dividend	—	—	—	3.89	—	—	3.89
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (C)	—	—	- 100.00	122.81	—	—	22.81
Balance as at March 31, 2019 (D) = (A+B-C)	37.16	3.60	600.00	156.38	56.30	1.71	855.15

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020 (Contd.)

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow hedge Reserve	Total
Balance as at March 31, 2019 (D) = (A+B-C)	37.16	3.60	600.00	156.38	56.30	1.71	855.15
Additions during the year:							
Profit for the year	—	—	—	174.60	—	—	174.60
Items of OCI for the year (net of taxes) :							
Remeasurement benefit of Defined Benefit Plans (Refer Note No. 42)	—	—	—	- 0.80	—	—	- 0.80
Net Fair Value Gain on Investment in equity Instruments through OCI	—	—	—	—	- 10.98	—	- 10.98
Items that will be reclassified to Statement of Profit and loss	—	—	—	—	—	- 1.71	- 1.71
Total Comprehensive Income for the Year 2019-20 (E)	—	—	—	173.80	- 10.98	- 1.71	161.11
Reductions during the Year							
Dividends	—	—	—	25.23	—	—	25.23
Income Tax on dividend	—	—	—	5.18	—	—	5.18
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (F)	—	—	- 100.00	130.41	—	—	30.41
Balance as at March 31, 2020 (G) = (D+E-F)	37.16	3.60	700.00	199.77	45.32	—	985.85

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
Chairman

V. SRIDAR
S NARAYAN
A.L. SOMAYAJI
DR. NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
DEEPAK SRIVATSAVA
DIRECTORS.

N R Suresh
Membership No. 021661
Partner
Chartered Accountants
Erode
May 30, 2020

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

	Year ended 31-03-2020	Year ended 31-03-2019
	₹ crores	₹ crores
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	248.82	271.31
Adjustments for:		
Add:		
Assets discarded	0.09	0.13
Depreciation	35.83	33.78
Allowance for Doubtful debts	0.96	—
Imputed Finance Charge on Interest Free		
Sales Tax Defferal Loan	1.10	1.34
Finance charge on lease liability	0.05	—
Interest and financing charges	5.74	12.47
	<u>43.77</u>	<u>47.72</u>
	292.59	319.03
Less:		
Interest income from Term Deposits	17.05	12.57
Income from Investments	1.02	0.82
Remeasurement of Defined benefit plan	1.30	0.04
Deferred income arising from government grant	1.10	1.10
Interest income from Lease Deposit	0.01	—
Profit / Loss on sale of assets	- 0.03	—
	<u>20.45</u>	<u>14.53</u>
Operating profit before working capital changes	272.14	304.50
Increase / Decrease in working capital:		
Increase / Decrease in Inventories	- 34.87	23.21
Increase / Decrease in Sundry Debtors	- 2.54	27.20
Increase / Decrease in Other Assets	33.95	- 44.04
Increase / Decrease in Liabilities and Provisions	- 57.03	19.02
	<u>- 60.49</u>	<u>25.39</u>
Income tax paid	- 45.56	- 57.07
Net cash from operating activities	<u>166.09</u>	<u>272.82</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	- 45.67	- 29.73
Outflow towards "Right to Use" Assets	- 0.25	—
Value of discarded assets	- 0.09	- 0.13
Sale of Property, Plant and Equipment	0.14	0.20
Income from Investments	1.02	0.82
Sale of Investments	—	0.71
Interest income from Term Deposits	17.05	12.57
Income from Inter Corporate Deposit	0.10	0.05
Inter Corporate Deposit	0.60	- 0.60
Net cash used in investing activities	<u>- 27.10</u>	<u>- 16.11</u>

SESHASAYEE PAPER AND BOARDS LIMITED

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020 (Contd.)

	Year ended 31-03-2020 ₹ crores	Year ended 31-03-2019 ₹ crores
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / decrease in Unsecured Loans	- 3.10	- 3.88
Increase / Decrease of non-current borrowings	- 85.20	- 49.94
Dividend and Dividend tax paid	- 30.41	- 22.81
Interest and financing charges paid	- 5.59	- 12.39
Net cash used in financing activities	- 124.30	- 89.02
Net increase in cash and cash equivalents (I)	14.69	167.69
Cash and cash equivalents as at the beginning of the Year (II)	310.57	142.88
Cash and cash equivalents as at the end of the Year (I + II) **	325.26	310.57
** Includes following balance held in EEFC Accounts in US \$		
-- Amount in US \$ (Mn)	-	3.41
-- Equivalent amount in ₹ crores	-	23.46

Notes:

- Cash and cash equivalents represent cash in hand and cash with Scheduled Banks including Term Deposit.
- Cash from operating activities has been prepared following the indirect method.
- Figures for the previous year have been re-grouped wherever necessary.
- During the current year (and previous year), the Company did not have any change in liabilities arising from following financing activities, affecting the cashflows from financing activities :
 - Changes arising from obtaining or losing control of subsidiaries or other businesses.
 - Changes in fair values
 - Impact of Changes in foreign exchange rates on Borrowings

Vide our report of date attached

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Partner
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V PICHAI
Deputy Managing
Director & Secretary

Erode
May 30, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS**Company Background**

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

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

1. Significant Accounting Policies and Key Accounting Estimates and Judgements**A. Significant Accounting Policies****1.1 Statement of compliance**

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

The company adopted Ind AS from 1st April 2017. Accounting Policies have been consistently applied except where a newly-issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto adopted.

1.2 Basis of preparation and compliance

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

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

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

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

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

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

Level 3 - Unobservable inputs for the asset or liability.

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

1.3 Current / Non-Current classification

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

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

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

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

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

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

1.4 Property, Plant and Equipment (PPE)

Property, Plant and Equipment are tangible items that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.

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

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

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

- (i) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPEs recognised as of April 1, 2016 (transition date), measured as per the previous IGAAP, as their deemed cost as on the transition date.

- (ii) The cost of an item of PPE comprises purchase price, taxes and duties, net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalised if the recognition criteria are met. Expenditure related to Plans, Designs and Drawings of Buildings or Plant and Machinery is capitalised under relevant heads of PPE if the recognition criteria are met.

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

- (iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant in relation to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

- (iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalised at cost. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

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

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

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

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

Asset	Years
Buildings:	
Factory Buildings	30
Buildings other than factory buildings	60
Plant and Equipment (including continuous process plants):	
Plant for Generation, Transmission and Distribution of Power	40
Water Distribution Plant	30
Electric Distribution Plant	35
Other than above	25
Furniture and Fixtures	10

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

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

1.5 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 and 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 the Statement of Profit and Loss.

1.8 Revenue Recognition

a. Revenue from Contracts with Customers

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

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

b. Dividend and interest income

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

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

1.9 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 administrative overheads that do not contribute to bring the inventories to the present location and condition and selling costs) incurred in bringing the inventory to their present location and condition. Net realisable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

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

1.10 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 or sale 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.

1.11 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. Government Grants whose primary condition is that the Company should purchase, construct or otherwise acquire assets are deducted from the carrying amount of the asset.

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.

Export Benefits are recognized as Income in the year of exports and on grant / receipt of Duty Entitlement certificates. Pending utilisation of the Certificates, they are disclosed under Other Financial Assets.

1.12 Employee Benefits

a. Short Term Employee Benefits

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

b. Post Employment Benefits

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plans

For Defined Benefit Retirement Plans, the cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each annual reporting date. The Defined Benefit Obligations recognised in the Balance Sheet

represent the present value of the Defined Benefit Obligations as reduced by the fair value of plan assets, if applicable. Any Defined Benefit Asset (negative defined benefit obligations resulting from this calculation) is recognised representing the present value of available refunds and reductions in future contributions to the plan. Gratuity and Retirement Benefit Schemes operated by the Company are treated as Defined Benefit Plans.

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

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

c. Other Long-term Employee Benefits

Entitlement to annual leave and sick leave are recognised when they accrue to employees. Annual leave / sick leave can be availed or encashed either during service or on retirement subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each annual reporting date. The liability is not funded.

1.13 Lease Accounting

Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17.

The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application. Consequently, the application of the standard has no transition impact.

The Company, as on March 31, 2020, didn't have any transaction of lease, as a lessor. The Company, as a lessee, recognises, at inception of a contract, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.

At commencement date, the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives

received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.

The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.

Lease liability and ROU asset are separately presented in the Balance Sheet. Lease payments are classified as financing cash flows while short-term lease payments, payment for leases of low value assets are classified within operating activities .

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

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

1.15 Financial Instruments

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

1.16 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the 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 Other Equity Instruments at Fair Value through Other Comprehensive Income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in Fair Value in Other Comprehensive Income pertaining to Investments in Equity Instruments. This election is not permitted if the equity investment is held for trading. These elected investments 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.

d. Impairment of Financial Assets

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

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

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

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

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

e. Derecognition of Financial Assets:

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

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

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

1.17 Financial Liabilities and Equity Instruments

a. Classification as Debt or Equity

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

b. Equity Instruments

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

c. Financial Liabilities

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

determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance Costs' line item.

d. Derecognition of Financial Liabilities

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

1.18 Derivative Financial Instruments and Hedge Accounting

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

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

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

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

Cash Flow Hedge

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

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

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

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

Fair Value Hedges

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

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

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

1.19 Foreign Currency Transactions

a. Initial Recognition

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

b. Measurement of Foreign Currency items at reporting date

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

c. Recognition of Exchange Difference

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

The advance, paid in Foreign Currency to the Suppliers and the advance, received in Foreign Currency from the Customers are treated as non-monetary assets and non-monetary liabilities respectively and consequently, doesn't result in exchange fluctuation at the date of fair valuation.

1.20 Cash Flow Statement

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

1.21 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

a. Current Tax

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

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

b. Deferred Tax

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

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

Deferred Tax assets are recognised for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets or liabilities are not recognised. The carrying amount of Deferred Tax Assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilised.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled based on the tax rates that have been enacted or substantially enacted by the end of the reporting period 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 classified under Deferred Tax Assets.

c. Current and Deferred Tax for the year

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

1.22 Ind AS 12 – Uncertainty over Income Tax Treatments

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

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

The Standard permits two possible methods of transition –

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

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company has adopted the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. However, application of this Standard from 01-04-2019 does not have any significant impact for the Company.

1.23 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 segments 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 Judgments

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

d. Actuarial valuation

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

e. Claims, Provisions and Contingent Liabilities

The Company has ongoing discussions / litigations with various regulatory authorities, trade unions and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute or settlements 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.

g. Others

The Company has considered the possible effects that may result from Covid-19 pandemic on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered.

2 PROPERTY, PLANT AND EQUIPMENT

₹ crores

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2019	Additions during the year	Deductions / Adjustments	As at 31-03-2020	As at 01-04-2019	Additions during the year	Deductions / Adjustments	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
LAND	4.17	–	–	4.17	–	–	–	–	4.17	4.17
BUILDINGS										
- FREE HOLD	102.01	6.45	–	108.46	11.97	5.02	–	16.99	91.47	90.04
- RIGHT TO USE ASSETS	0.14	0.74	–	0.88	0.01	0.23	–	0.24	0.64	0.13
(Refer Note. No. 1.13)										
PLANT AND EQUIPMENT	652.24	30.14	0.19	682.19	80.57	29.53	0.03	110.07	572.12	571.67
FURNITURE AND FIXTURES	1.88	0.07	–	1.95	0.27	0.07	–	0.34	1.61	1.61
VEHICLES	1.95	0.31	0.04	2.22	0.88	0.29	0.03	1.14	1.08	1.07
OFFICE EQUIPMENT	2.04	1.02	0.01	3.05	1.13	0.51	0.01	1.63	1.42	0.91
	764.43	38.73	0.24	802.92	94.83	35.65	0.07	130.41	672.51	669.60

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

2(A) CAPITAL WORK IN PROGRESS

Description	Net Carrying Amount	
	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
Opening Balance	23.36	26.82
Add: Additions to Capital Work In Progress during the year ^^	45.67	29.73
Less: Assets Capitalised during the year **	38.00	33.19
Closing Balance	31.03	23.36

** Excludes Lease Asset Capitalised (₹ 0.74 crores) during the year under Ind-AS 116 (Previous Year - Nil) (Refer Note No. 1.13)

^^ Includes Intangible assets capitalised during the year (Refer Note No. 2(B))

^^ Includes following expenses capitalised during the year, as directly related to Project Implementation

(a) Insurance - ₹ 0.29 crores (Previous Year - Nil)

(b) Employee Benefits - ₹ 0.92 crores (Previous Year - Nil)

(c) Borrowing Costs - ₹ 0.66 crores (Previous Year - ₹ 0.51 crores)

The Company has applied Capitalisation rate of 9.69% (Previous year 10.05%) which is the Effective Interest Rate (EIR) of the Specific Borrowings.

2(B) OTHER INTANGIBLE ASSETS

₹ crores

Description	Gross carrying Amount			Amortisation			Net Carrying Amount		
	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 31.03.2019
COMPUTER SOFTWARE	1.74	—	—	1.74	0.12	0.12	—	0.24	1.50
TECHNICAL KNOW-HOW	1.41	0.01	—	1.42	0.77	0.07	—	0.84	0.58
	3.15	0.01	—	3.16	0.89	0.19	—	1.08	2.08

Description	Gross carrying Amount			Amortisation			Net Carrying Amount		
	As at 01.04.2018	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 31.03.2018
COMPUTER SOFTWARE	1.16	0.58	—	1.74	0.05	0.07	—	0.12	1.62
TECHNICAL KNOW-HOW	1.41	—	—	1.41	0.56	0.21	—	0.77	0.64
	2.57	0.58	—	3.15	0.61	0.28	—	0.89	2.26

2 (i) The Company has been sanctioned Term Loans from banks which carry charge over the assets of the Company (Refer Note No. 16 towards security.)

(ii) Refer Note No 37(b) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

	No of shares	Face Value	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
3 INVESTMENTS				
Non Current Investments				
A. Investments in Equity Instruments				
a. Quoted Equity Shares				
(i) Associate				
(Measured at cost)				
Ponni Sugars (Erode) Limited	2360260	10	19.60	19.60
(ii) Others				
Investments Measured at Fair Value through Other Comprehensive Income				
Housing Development Finance Corporation Limited	265830	2	43.41	52.32
HDFC Bank Limited (Previous Year - 2500 Shares of face value ₹ 2 each)	5000	1	0.43	0.58
High Energy Batteries (India) Limited	282911	10	5.86	6.61
Tamilnadu Newsprint and Papers Limited	100000	10	0.89	2.06
Total Quoted Equity Shares			70.19	81.17
b. Unquoted Equity Shares				
(i) Subsidiary				
(Measured at cost)				
Esvi International (Engineers & Exporters) Limited	125000	100	14.03	14.03
(ii) Others				
Investments Measured at Fair Value through Other Comprehensive Income				
SPB Projects and Consultancy Limited	50000	10	0.05	0.05
Total Unquoted Equity Shares			14.08	14.08
Total Investments in equity Instruments			84.27	95.25
Aggregate amount of :				
Quoted Investments - At Cost			24.61	24.61
Quoted Investments - At Market value			83.21	93.17
Unquoted Investments - At Cost			14.08	14.08

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
4 LOANS		
(Non-current Financial Assets)		
Unsecured considered good		
a) Security Deposit	5.71	11.11
b) Loan to Related Party		
Due from SPB Equity Shares Trust	12.50	12.50
c) Other Loans		
Intercompany loans	6.49	6.01
	24.70	29.62
5 OTHER NON CURRENT ASSETS		
Capital Advances	9.38	4.80
Charges paid under Protest **	4.19	4.19
	13.57	8.99
** Includes		
- Energy Charges paid under protest to TNERC (Refer Note No. 37(a)(iv))	2.00	2.00
- Customs Duty paid under protest (Refer Note No. 37(a)(i))	0.28	0.28
- Grid Paralleling Charges paid under protest (not in the nature of Contingent Liability)	1.11	1.11
- Other duties and taxes paid under protest (not in the nature of Contingent Liability)	0.80	0.80
6 INVENTORIES		
Raw Materials *	49.17	51.99
Work- in- Progress	11.78	6.35
Finished Goods	45.45	—
Stock-in-Trade	4.38	2.20
Stores, Spares, Chemicals and others #	58.66	74.03
	169.44	134.57
* Includes Material In Transit	11.11	6.45
# Includes Material In Transit	9.87	32.81
(For method of valuation, please refer to Note No.1.9)		
(Please refer Note No.38(C)(3) for security created on Inventories)		

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
7 TRADE RECEIVABLES		
Trade Receivables		
a) Secured, Considered Good	29.31	28.07
b) Unsecured, Considered Good	51.52	49.64
c) Unsecured with significant increase in Credit Risk but Considered Good	—	1.54
d) Unsecured, Considered Doubtful	1.93	0.97
	82.76	80.22
Less:		
Allowance for bad and doubtful debts	1.93	0.97
	80.83	79.25
(Please refer Note No.38(C)(3) for security created on Receivables)		
8 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with banks	5.23	34.43
Term deposits with original maturity of less than 3 months	199.15	30.00
Cash on hand	0.18	0.20
	204.56	64.63
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 *	119.55	244.88
Unpaid dividend accounts	1.15	1.06
	120.70	245.94
* includes ₹ 0.01 crore (previous year ₹ 0.01 crore) given as Security Deposit with VAT Authorities.		
10 CURRENT ASSETS - LOANS		
Unsecured Considered good		
a) Other Loans		
Intercompany loans	—	0.62
	—	0.62

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
11 OTHER CURRENT FINANCIAL ASSETS		
a) Export Incentive Receivable	1.15	2.61
b) Other Current Financial Assets *	—	0.95
	1.15	3.56
* Includes fair value of derivatives (net)		
12 CURRENT TAX ASSET (NET)		
Income tax (Net of provisions)	0.64	—
	0.64	—
13 OTHER CURRENT ASSETS		
a) Advances/Claims Recoverable in cash or in kind	6.45	5.57
b) Balance with Government Authorities		
- GST Receivable	10.84	42.90
c) Prepaid expenses	2.43	2.56
d) Advance to Employees	0.46	0.32
e) Other receivable	1.39	1.50
	21.57	52.85
14 EQUITY SHARE CAPITAL		
Authorised		
20 00 00 000 - Equity Shares of ₹ 2 each **	40.00	40.00
(Previous Year - 4 00 00 000 Equity Shares of ₹ 10 each)		
3 00 00 000 - Cumulative Redeemable		
Preference Shares of ₹ 10 each	30.00	30.00
	70.00	70.00
Issued, Subscribed and Fully paid up:		
6 30 68 140 Equity Shares of ₹ 2 each **	12.61	12.61
(Previous Year - 1 26 13 628 Equity Shares of ₹ 10 each)		
	12.61	12.61

** The Company, during the year 2019-20, had done a Stock Split whereby an Equity Share of face value of ₹ 10 each fully paid up was split in to 5 (Five) Equity Shares of face value of ₹ 2 each fully paid up.

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

	As at 31-03-2020		As at 31-03-2019	
	No of Shares	₹ crores	No of Shares	₹ crores
At the beginning of the year	12613628	12.61	12613628	12.61
Stock split at 5 :1 during the year	50454512	—	—	—
At the end of the year	63068140	12.61	12613628	12.61

b) Terms / rights attached to Equity Shares

The Equity Shares of the Company having par value of ₹ 2 (previous year ₹ 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

	As at 31-03-2020		As at 31-03-2019	
Name of Share Holders	No. of Shares	% of Share Holding	No. of Shares	% of Share Holding
(a) Tamilnadu Industrial Investment Corporation Limited	9000000	14.27	1800000	14.27
(b) Ponni Sugars (Erode) Ltd (Associate)	8840905	14.02	1768181	14.02
(c) Synergy Investments Pte Ltd	7738475	12.27	1547695	12.27
(d) Time Square Investments (P) Ltd	6288105	9.97	1257621	9.97
(e) Atyant Capital India Fund I	3383140	5.36	676628	5.36

15 OTHER EQUITY

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow hedge Reserve	Total
Balance as at April 01, 2018 (A)	37.16	3.60	500.00	89.21	58.98	—	688.95
Additions during the year:							
Profit for the year	—	—	—	190.00	—	—	190.00
Items of OCI for the year (net of taxes) :							
Remeasurement of Defined Benefit Plans (Refer Note No.42)	—	—	—	- 0.02	—	—	- 0.02
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	- 2.68	—	- 2.68
Items that will be reclassified to Statement of Profit and Loss	—	—	—	—	—	1.71	1.71
Total Comprehensive Income for the Year 2018-19 (B)	—	—	—	189.98	- 2.68	1.71	189.01

15 OTHER EQUITY (Contd.)

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow hedge Reserve	Total
Reductions during the Year							
Dividend	—	—	—	18.92	—	—	18.92
Income Tax on Dividend	—	—	—	3.89	—	—	3.89
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (C)	—	—	- 100.00	122.81	—	—	22.81
Balance as at March 31, 2019 (D) (A+B-C)	37.16	3.60	600.00	156.38	56.30	1.71	855.15
Additions during the year:							
Profit for the year	—	—	—	174.60	—	—	174.60
Items of OCI for the year (net of taxes) :							
Remeasurement of Defined Benefit Plans (Refer Note No.42)	—	—	—	- 0.80	—	—	- 0.80
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	- 10.98	—	- 10.98
Items that will be reclassified to Statement of Profit and Loss	—	—	—	—	—	- 1.71	- 1.71
Total Comprehensive Income for the Year 2019-20 (E)	—	—	—	173.80	- 10.98	- 1.71	161.11
Reductions during the Year							
Dividend	—	—	—	25.23	—	—	25.23
Income Tax on dividend	—	—	—	5.18	—	—	5.18
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (F)	—	—	- 100.00	130.41	—	—	30.41
Balance as at March 31, 2020 (D+E-F)	37.16	3.60	700.00	199.77	45.32	—	985.85

Description of nature and purpose of each reserve :

General Reserve

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

Capital Reserve

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

Securities Premium Account

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

Cash Flow Hedge Reserve

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

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
16 BORROWINGS		
(Non-Current Financial Liabilities)		
Secured		
Unit: Erode - Term Loan		
From Banks	—	25.46
Unit: Tirunelveli -Term Loan		
From Banks	—	17.15
Unsecured		
From others - Interest Free Sales tax Loan	6.63	8.87
	6.63	51.48

UNIT: ERODE:

The Company has been sanctioned a Term Loan of ₹ 50.0 crores by Canara Bank and ₹ 32.5 crores by State Bank of India for the execution of the Project Mill Development Plan - III (MDP-III) at its Unit : Erode. The Company has not commenced availment of the said loan as on March 31, 2020.

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

16 (ii) Terms of Repayment :

- (a) The Term loan of ₹ 50.0 crores from Canara Bank (sanctioned for Project MDP-III at Unit : Erode and unavailed as of March 31, 2020) which presently carries interest rate of 9.00 %, is repayable in 60 equal monthly instalments of ₹ 0.83 crores commencing from April 2021.
- (b) The Term loan of ₹ 32.5 crores from State Bank of India (sanctioned for Project MDP-III at Unit : Erode and unavailed as of March 31, 2020) which presently carries interest rate of 8.80 %, is repayable in 60 equal monthly instalments of ₹ 0.54 crores commencing from April 2021.

(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 repaid ₹ 35.89 crores up to March 31, 2020.

The Company has adopted previous GAAP for the carrying amount of the loan at the date of transition and has applied Ind AS 109 after the date of Transition.

Loan outstanding as at April 01, 2016 was valued at fair value and the difference between gross outstanding and fair value of loan was the benefit derived from interest free loan and is recognised as deferred income. Interest on the loan is recognised in the Statement of Profit and Loss applying effective interest rate of 10%. (Refer Note No. 1.11)

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

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
17 OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security deposits	16.93	17.00
Lease Liability (Non-Current) (Refer Note No. 1.13)	0.28	—
	17.21	17.00
18 PROVISIONS (Non-Current Liabilities)		
a) Provision for Employee Benefits		
Provision for Leave Encashment and Retirement Fund	8.27	6.81
b) Others		
Provision for Generation tax	11.90	11.11
	20.17	17.92

19 DEFERRED TAX LIABILITY (NET)

₹ crores

Particulars	As at 01-04-2019	Recognised in Statement of P&L during 2019-20	OCI 2019-20	As at 31-03-2020
As at 31-03-2020				
Deferred Tax Liabilities				
Difference between WDV of Fixed Assets as per the books of accounts and Income Tax, Act 1961.	166.85	0.03	—	166.88
Deferred Tax Assets				
Expenses allowable for tax purpose on payment basis	- 8.23	1.00	—	- 7.23
Difference in carrying value and tax base of Interest Free Sale Tax Loan measured at FVTPL	- 0.52	—	—	- 0.52
Remeasurement of Defined Benefit Plans	- 2.12	—	- 0.50	- 2.62
Income Tax relating to items that will be reclassified to Statement of Profit and Loss	0.92	—	- 0.92	—
Deferred Tax Liability	156.90	1.03	- 1.42	156.51
Tax Credit				
MAT Credit Entitlement	35.30	- 28.02	—	7.28
	121.60			149.23

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

Note : Deferred Tax is net of MAT credit of ₹ 7.28 crores (₹ 35.30 crores previous year) carried forward as the company considers that there exists reasonable certainty to recover the same in future.

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
20 OTHER NON-CURRENT LIABILITIES		
Deferred Income arising from Government grants (Refer Note No. 1.11)	2.19	3.29
	<u>2.19</u>	<u>3.29</u>
21 TRADE PAYABLES		
a) Total outstanding dues of Micro and Small and Medium Enterprise	3.66	21.50
b) Total Outstanding dues of creditors other than Micro and Small and Medium Enterprise	191.33	237.02
	<u>194.99</u>	<u>258.52</u>
21 (i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.		
(ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows		
	2019-20	2018-19
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.	3.66	21.50
ii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
iv) Interest accrued and remaining unpaid at the end of each accounting year:	Nil	Nil
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
22 OTHER FINANCIAL LIABILITIES		
(Current Financial Liabilities)		
Current maturities of Long Term Borrowings (Refer Note No. 16)	—	42.35
Current maturities of Interest Free Sales Tax Loan (Refer Note No.16 (iii))	3.35	3.10
Current maturities - Lease Liability (Refer Note No. 1.13)	0.23	—
Interest Accrued but not due	—	0.09
Unpaid Dividends	1.15	1.06
Others;		
- Payable for capital expenditure	0.67	1.75
- Security Deposit	1.56	1.55
- Retention Monies	4.68	4.39
- Employees dues	10.16	8.70
- Fair valuation of derivatives	5.03	—
	<u>26.83</u>	<u>62.99</u>
23 OTHER CURRENT LIABILITIES		
Other liabilities:		
(a) Statutory Liabilities	2.46	2.46
(b) Deferred Income arising from Government grants (Refer Note 1.12)	1.10	1.10
(c) Advances received from Customers	1.79	1.54
	<u>5.35</u>	<u>5.10</u>
24 CURRENT PROVISIONS		
Provision for Employee Benefits	4.59	3.69
	<u>4.59</u>	<u>3.69</u>
25 CURRENT TAX LIABILITIES		
Income Tax **	1.40	1.15
	<u>1.40</u>	<u>1.15</u>

** Includes provision made for settlement under Direct Tax Vivad
Se Vishwas Rules, 2020 - ₹ 1.40 crores (Previous Year - Nil)

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2020	Year ended 31-03-2019
	₹ crores	₹ crores
26 REVENUE FROM OPERATIONS		
A) REVENUE FROM SALE OF PRODUCTS		
Paper and Paper Boards		
India	908.23	1035.18
Rest of the World	235.75	240.63
	1143.98	1275.81
Stock in Trade		
India	29.43	36.75
	1173.41	1312.56
Break-up of Revenue from Sale of Products - Contracted Price and adjustments		
Sales Value at Contracted price	1224.15	1359.88
Add : Export Benefits	8.85	9.49
Less : Adjustments		
Cash Discount	22.57	25.16
Other Discounts / Incentives	37.02	31.65
	59.59	56.81
	1173.41	1312.56
B) OTHER OPERATING INCOME		
Other Operating Income	10.57	12.68
	10.57	12.68
27 OTHER INCOME		
Interest Income		
- On financial assets carried at Amortised Cost	19.15	15.49
Dividend Income from Equity Investments measured at fair value through OCI	0.55	0.58
Dividend Income from Equity Investments in Associate	0.47	0.24
Government Grant (Refer Note No. 1.11)	1.10	1.10
Other non-operating income	2.60	4.50
Net Exchange Gain	—	1.15
	23.87	23.06

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2020		Year ended 31-03-2019	
	₹ crores	₹ crores	₹ crores	₹ crores
28 COST OF MATERIALS CONSUMED				
Raw material				
i) Wood	215.92		231.54	
ii) Bagasse	16.11		16.70	
iii) Purchased Pulp	71.93		102.56	
iv) Waste Paper	42.37		54.52	
	<u>346.33</u>		<u>405.32</u>	
Feeding and other Charges	7.48		7.66	
		353.81		412.98
Chemicals & Consumables		221.32		224.18
Packing Materials		25.76		22.67
		<u>600.89</u>		<u>659.83</u>
29 PURCHASE OF STOCK-IN-TRADE				
Notebook & Paper		5.90		7.44
Petroleum Products		24.58		25.98
		<u>30.48</u>		<u>33.42</u>
30 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS				
Opening stock				
- Finished goods	—		—	
- Work in progress	6.35		5.04	
- Stock-in-Trade	2.20		4.03	
		8.55		9.07
Closing stock				
- Finished goods	45.45		—	
- Work in progress	11.78		6.35	
- Stock-in-Trade	4.38		2.20	
		61.61		8.55
		<u>- 53.05</u>		<u>0.52</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2020	Year ended 31-03-2019
	₹ crores	₹ crores
31 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	68.71	56.05
Contribution to Provident & other Funds (Refer Note No.1.12)	6.93	6.97
Staff welfare Expenses	6.68	6.26
	82.32	69.28
32 FINANCE COSTS		
Interest on financial liabilities carried at amortised cost - Effective interest method		
- Interest on borrowings	3.47	9.79
- Interest on interest free Sales tax loan (Refer Note No. 1.11)	1.10	1.34
Interest on Security Deposits measured at Amortised Cost	2.04	1.97
Other borrowing costs	0.28	0.71
	6.89	13.81
33 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of Property, Plant and Equipment (Refer Note No. 2)**	34.82	33.50
Amortisation of Intangible assets (Refer Note No. 2(B))	0.18	0.28
	35.00	33.78

** Excludes depreciation at 100% on capital expenditure
of Rs 0.83 crores on CSR.

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2020	Year ended 31-03-2019
	₹ crores	₹ crores
34 OTHER EXPENSES		
Power and Fuel		
(i) Purchased Power	35.73	32.11
(ii) Consumption of Fuel	103.07	123.53
(iii) Generation Tax	2.13	2.19
	140.93	157.83
Repairs and Maintenance		
- Buildings	7.04	6.71
- Plant & Machinery	36.17	37.54
- Others	2.41	2.22
	45.62	46.47
Insurance	3.02	2.85
Rent, Rates and Taxes	0.56	3.15
Selling and Distribution Expenses	35.42	32.14
Net foreign exchange loss	4.94	—
Allowance for doubtful debts	0.96	—
Auditors' remuneration (Refer Note No. 36 (a))	0.61	0.52
Corporate Social Responsibility expenses (Refer Note No. 36 (b))**	4.24	2.58
Miscellaneous	20.20	20.81
	256.50	266.35

** Includes depreciation at 100% on capital expenditure of Rs 0.83 crores on CSR.

Year ended 31-03-2020 ₹ crores	Year ended 31-03-2019 ₹ crores
--	--

35 TAX EXPENSE

(A) The major components of Income Tax expense for the year are as under:

Tax expenses recognised in the Statement of Profit and Loss

Current Tax

Current tax on the Taxable income for the year	45.17	58.20
	<u>45.17</u>	<u>58.20</u>

Deferred Tax comprises:

Deferred Tax Liability on account of depreciation	0.03	0.82
Disallowance of expenses Under Section 43B and other Temporary difference	1.00	1.09
Deferred Tax Asset on account of Interest Free Sales Tax Loan	—	- 0.09
MAT Credit Entitlement	28.02	21.29
	<u>29.05</u>	<u>23.11</u>
Total Tax Expense	<u>74.22</u>	<u>81.31</u>

(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

Profit Before Tax	34.94%	34.94%
	248.82	271.32
Current tax expenses on Profit Before Tax at the enacted income tax rate in India	86.95	94.81

Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income

Tax on CSR activities	1.48	0.90
Tax on Dividend exempt	- 0.74	- 0.57
Tax on Deduction U/S 80 IA	- 18.35	- 15.52
Tax on difference in Depreciation	- 0.87	- 1.44
MAT Credit Entitlement	- 28.02	- 21.29
Provision under Vivad Se Vishwas Rules, 2020	1.40	—
Tax on Fair Valuation loss on Forward Contracts held on Cash Flow basis	1.76	—
Other Differences	1.56	1.31
	<u>- 41.78</u>	<u>- 36.61</u>

Current Tax for the Year

Effective rate of tax

45.17	58.20
<u>74.22</u>	<u>81.31</u>
18.15%	21.45%

	Year ended 31-03-2020 ₹ crores	Year ended 31-03-2019 ₹ crores
35 TAX EXPENSE (Contd.)		
(C) Taxes on items of OCI:		
A Items that will not be reclassified to Statement of Profit and Loss		
Income Tax on Remeasurement of Defined Benefit Plans	- 0.45	- 0.02
Income Tax on Net Fair Value Gain/ (Loss) on Investment in Equity Instruments	- 0.05	0.05
B Items that will be reclassified to Statement of Profit and Loss	- 0.92	0.92
	<u>- 1.42</u>	<u>0.95</u>
Note :		
Provision for current tax is made after set off of the deduction under Section 80-IA of the Income tax Act and eligible MAT credit.		
36 (a) PAYMENT TO AUDITORS		
Statutory Audit fees	0.29	0.29
Taxation Matters	0.24	0.16
Certification work	0.07	0.05
Reimbursement of expenses	0.01	0.02
	<u>0.61</u>	<u>0.52</u>
36 (b) CORPORATE SOCIAL RESPONSIBILITY EXPENSES		
a) Gross amount required to be spent as per section 135 of the Companies Act, 2013 read with Schedule VII thereof	4.05	2.57
b) Amount spent during the year	4.24	2.58
i. Construction / Acquisition of any assets	2.59	1.02
ii. Purpose other than (i) above	1.64	1.56
37 CONTINGENT LIABILITIES AND COMMITMENTS		
a. Contingent Liabilities		
Claims against the company not acknowledged as debts:		
(i) Demands for various years relating to Central excise, Customs duty, Service tax and VAT contested in appeal	4.39	6.24
(ii) Differential duty on Coal imported and consequent penalty contested before CESTAT, Chennai	21.64	21.64
(iii) Demand by Public Works department based on Sanctioned quantity of water as against actual water drawn contested in writ petition before Hon'ble High Court of Madras.	20.31	17.88

Year ended
31-03-2020
₹ crores

Year ended
31-03-2019
₹ crores

37 CONTINGENT LIABILITIES AND COMMITMENTS (Contd.)

(vi) Demand towards energy charges as per TNERC order contested in writ petition before Hon'ble High Court of Madras.	4.63	4.63
(v) Other - Demand contested.	0.18	0.18

b. Commitments

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	62.02	13.84
(ii) Export Obligation in respect of Imports cleared under Export Promotion Capital Goods Scheme	1.88	—

38 (A) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

		₹ crores			
	Refer Note	Non Current		Current	
		As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Financial Assets measured at Fair Value through Profit or Loss (FVTPL)		—	—	—	—
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in quoted equity shares *	3 (A) (a)	50.59	61.57	—	—
Investments in Unquoted equity shares	3 (A) (b)	0.05	0.05	—	—
Financial Assets measured at amortised cost					
Investments in Unquoted equity shares	3 (A) (b) (i)	14.03	14.03	—	—
Investments in quoted equity shares	3 (A) (a) (i)	19.60	19.60	—	—
Loans	4 / 10	24.70	29.62	—	0.62
Trade Receivables	7	—	—	80.83	79.25
Cash and Cash Equivalents	8	—	—	204.56	64.63
Bank balances other than Cash and Cash Equivalents	9	—	—	120.70	245.94
Other current Financial Asset	11	—	—	—	0.95
Financial Liabilities measured at Fair Value through Profit and Loss		—	—	—	—
Financial Liabilities measured at amortised cost					
Term Loan from Banks	16 / 23	—	42.61	—	42.35

SESHASAYEE PAPER AND BOARDS LIMITED

		₹ crores			
	Refer Note	Non Current		Current	
		As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Interest free sales tax Loan	16 / 23	6.63	8.87	3.35	3.10
Other Financial Liabilities	17	17.21	17.00	—	—
Trade Payables	21	—	—	194.99	258.52
Other Financial Liabilities	22				
Interest accrued but not due on borrowings		—	—	—	0.09
Unpaid / Unclaimed Dividend		—	—	1.15	1.06
Payable towards capital expenditure		—	—	0.67	1.75
Security Deposit		—	—	1.56	1.55
Retention Monies		—	—	4.68	4.39
Employees Dues		—	—	10.16	8.70
Fair valuation of derivatives		—	—	5.03	—

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

38 (B) FAIR VALUE MEASUREMENTS

		Fair value hierarchy		
	Fair value	Quoted price in active Markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)
As at 31st March 2020				
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	50.59	50.59		
Investments in Unquoted equity shares	0.05			0.05
As at 31st March 2019				
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	61.57	61.57		
Investments in Unquoted equity shares	0.05			0.05

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

38 (C) FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise mainly of trade payables and other payables. The Company has NIL Term Loan Borrowings from Banks / any Financial Institutions as on March 31, 2020 and hence doesn't have any financial liability and allied risk on this account. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, trade receivables, other receivables and investments.

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

1) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

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 repaid / prepaid all the Term Loans (sanctioned and availed for Projects) during the FY 2019-20. The Company, throughout the FY 2019-20, has not availed the Fund Based Working Capital Limits, sanctioned by the Consortium of Bankers. The Company has obtained a sanction, from its Consortium of Bankers, for a Term Loan of ₹ 82.5 crores for its expansion project Mill Development Plan – III, during the FY 2019-20. However, the Company is yet to commence availment of the Term Loan. The Company has not entered into any of the interest rate swaps. Hence, the Company is not exposed to any interest rate risk, as on March 31, 2020.

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

	31-03-2020 ₹ crores	31-03-2019 ₹ crores
Variable Rate Borrowings	—	84.96
Fixed Rate Borrowings	—	—
	—	84.96

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

	31-03-2020 ₹ crores	31-03-2019 ₹ crores
(i) Weighted average interest rate (%)	—	9.37
(ii) Balance (₹ crores)	—	84.96
(iii) % of Total Loan	—	100

Interest Rate Sensitivity analysis

As explained above, the Company has NIL Interest Rate risk, as of March 31, 2020, Sensitivity analysis of the same is not applicable, at the end of the reporting period.

	Impact on Profit before tax
	31-03-2020 ₹ crores
Interest rates - increase by 50 basis points	—
Interest rates - decrease by 50 basis points	—

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, in general, 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). However, due to the extra-ordinary global situation amidst the Covid-19 Lockdown and due to the wild fluctuations in the Forex Rates during this period, the Company had 'open position' with regard to Foreign Exchange liability amounting to US \$ 7,969,063 as on 31st March 2020 (Previous Year - NIL).

The Company is also exposed to foreign currency risk on its Exports. As on March 31, 2020, the Company had Export Receivables in Foreign Currency amounting to US \$ 2,039,255 and AED 682,646. (Previous Year – US \$ 1,281,586)

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

	As at 31-03-2020 US \$	As at 31-03-2019 US \$
Payment Obligations, towards Imports, hedged with Forward Contracts under		
- Fair Value Approach	—	12 940 222
- Cash Flow Approach	—	2 200 000
Export Realizations hedged with Forward Contract under		
- Cash Flow Approach	21,500,000	7 600 000

Owing to the Covid 19 pandemic, the probable future forecast transactions that were hedged (export realisations), on a conservative evaluation, are not likely to occur / materialise and the consequent accumulated losses in the cash flow hedge reserve are treated as ineffective and reclassified to Profit and loss account.

c) Commodity price risk

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material prices under check, to the extent possible.

d) 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 on Fixed Interest Rate Terms 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.

e) Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and wide range of products to meet the needs of its customers.

2) Credit Risk

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

The credit risk arising from the exposure of investing in other balances with banks and bank

balances is limited and there is no collateral held against these because the counterparties are public sector banks.

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

In respect of exports of paper, exports are, in general, made against advances received or terms with payment against documents or against confirmed LCs of usance period not exceeding 60 days. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

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

3) Liquidity risk

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

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

Financial arrangements

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

	31-03-2020	31-03-2019
	₹ crores	₹ crores
Expiring within one year	287.50	235.41
Expiring beyond one year	—	—
	287.50	235.41

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

Undrawn Working Capital borrowing facilities (₹ 169.00 crores of Fund Based Limits and ₹ 174.00 crores of Non-Fund Based Limits, sanctioned by Canara Bank) 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 the Company
- Second charge, by way of mortgage of immovable properties of the Company, consisting of land, buildings, fixed plant and machinery, fixtures and fittings, excluding the assets created out of MDP III 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, of Unit : Erode

Security creation for the Undrawn Working Capital facility of ₹ 36.00 crores of Fund Based Limits and ₹ 31.00 crores of Non-Fund Based Limits (sanction by State Bank of India) is in process, as at 31-03-2020.

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

38 (D) CAPITAL MANAGEMENT

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

The following table summarises the capital of the Company:

Particulars	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
Equity	998.46	867.76
Debt	9.98	96.93
Cash and cash equivalents **	324.11	309.51
Net Debt	- 314.13	- 212.58
Total Capital (Equity + Net Debt)	684.33	655.18
Net Debt to Capital Ratio	- 0.46	- 0.32

** Excludes balance in Unpaid Dividend Account

38 (E) DIVIDEND

Dividend on equity shares paid during the year	25.23	18.92
Dividend distribution tax	5.19	3.89
Total	30.42	22.81

Proposed Dividend

The Board of Directors has recommended payment of Dividend of ₹ 3.50 plus a Diamond Jubilee Special Dividend of ₹ 0.50, totalling to a Dividend of ₹ 4.00 per Equity Share of ₹ 2.00 each, for the financial year 2019-20. The same amounts to ₹ 25.23 crores.

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

Right to Use Assets	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
Gross Block	0.88	0.14
Cumulative Depreciation	0.24	0.01
Liability at the end of the year :		
Current	0.23	—
Non-Current	0.28	—
Payment during the year	0.25	—

40 Information on Related party Transactions as Required by Ind AS 24-Related Party Disclosure for the year ended 31st March 2020

Name of the Company	% of Holding as at 31-03-2020	% of Holding as at 31-03-2019
----------------------------	--	--

A) Subsidiary : (where control exists)

Direct Subsidiary

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

- Ponni Sugars(Erode) Limited (PEL)	27.45	27.45
-------------------------------------	--------------	-------

C) Key Managerial Personnel:

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

DIRECTORS:

Sri V Sridar
 Sri S Narayan, I A S (Retd.)
 Sri A L Somayaji
 Dr.(Tmt.) Nanditha Krishna
 Sri Mohan Verghese Chunkath, IAS (Retd.)
 Dr.(Tmt.) Aarthi, I A S
 Sri Deepak srivatsava, I F S

D) Entities Controlled by Directors

- SPB Projects and Consultancy Limited (SPB-PC)
- Time Square Investments Private Limited (TSI)
- Dhanashree Investments Private Limited (DSI)
- Ultra Investments and Leasing Co. Private Limited (UIL)

E) Transaction details :

	Transaction amount		Amount outstanding on 31-03-2020	
	2019-20	2018-19		
	₹ crores	₹ crores		
(a) Esvi International (Engineers & Exporters) Limited			Assets :	
- Investment made	—	—	Investments in:	
			0.01 crore Equity	
			Shares (100%)	
(b) Ponni Sugars (Erode) Limited :			Assets :	
- Purchase of Bagasse	13.73	19.16	Investments in:	
- Purchase of Sugar	0.08	0.07	0.24 crore Equity	
- Sale of fuel	5.90	7.59	Shares (27.45%)	
- Sale of Paper, Water	0.09	0.08	Liabilities :	
- Dividend paid	3.53	2.65	0.884 crore Equity	
- Dividend received	0.47	0.24	Shares (14.02%)	
- Other transactions (Net Debit)	0.70	0.14	Payable :	
			₹ 2.13 crores	
(c) Dhanashree Investments Private Limited			Liabilities :	
- Rent and amenity charges	0.04	0.04	0.295 crores Equity	
- Dividend paid	1.18	0.89	Shares (4.68%)	
			Payable :	
			₹ 0.003 crores	
(d) Ultra Investments and Leasing Co. Private Limited			Liabilities :	
- Reimbursement of expenses	0.01	—	0.093 crore Equity	
- Dividend paid	0.37	0.28	Shares (1.47%)	
(e) Time Square Investments Private Limited			Liabilities :	
- Dividend paid	2.52	1.89	0.629 crore Equity	
			Shares (10.76%)	

E) Transaction details (Contd.)

	Transaction amount		Amount outstanding on 31-03-2020
	2019-20 ₹ crores	2018-19 ₹ crores	
(f) SPB Projects and Consultancy Limited			Assets :
- Reimbursement of expenses	—	—	Investments in:
- Inter Corporate Loan	—	0.60	0.01 crores Equity
- Inter Corporate Loan repaid by SPB-PC	0.60	—	Shares (16.67%)
- Interest on Inter Corporate Loan	0.03	0.02	
- Engineering and Technical Consultancy paid	1.04	—	Liabilities :
- Dividend paid	0.01	0.01	0.0011 crores Equity
			Shares (0.02%)
(g) Remuneration to Whole-time Directors :			
	Sri N Gopalaratnam Chairman	Sri K S Kasi Viswanathan Managing Director	Sri V Pichai Deputy Managing Director and Secretary
	₹ crores	₹ crores	₹ crores
Current Year 2019-20			
Short term employee benefits	1.60	1.48	1.48
Post Employee benefits (gratuity) & Long term benefits (Superannuation fund)	0.18	0.15	0.15
Contribution to Provident Fund	0.10	0.08	0.08
	1.88	1.71	1.71
Previous Year 2018-19			
Short term employee benefits	1.60	1.63	1.63
Post Employee benefits (gratuity) & Long term benefits (Superannuation fund)	0.22	0.18	0.18
Contribution to Provident Fund	0.10	0.08	0.08
	1.92	1.89	1.89
(h) Sitting fees and Commission to Non-Wholetime Directors		2019-20 ₹ crores	2018-19 ₹ crores
Sitting fees		0.16	0.17
Commission **		0.34	0.35
		0.50	0.52

** The commission for 2019-20 is subject to the approval of the shareholders in this Annual General Meeting.

41 EARNINGS PER SHARE

	Year ended 31-03-2020	Year ended 31-03-2019
Profit after Tax (₹ crores)	174.60	190.00
Weighted average no of Shares	63068140	63068140
Basic earnings per share (₹)	27.68	30.13
Diluted earnings per Share (₹)	27.68	30.13

Note : Earnings Per Share (EPS) for current and previous periods are recalculated, as per the new Face Value of ₹ 2 per Share, consequent to the sub-division of Equity Shares

42 EMPLOYEE BENEFITS

(i) Defined Contribution Plans:

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 4.41 crores (Year ended March 31, 2019 ₹ 4.29 crores) for Provident Fund contributions and ₹ 0.32 crores (Year ended March 31, 2019 ₹ 0.32 crores) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined Benefit Plans:

Gratuity (Funded) and Retirement Benefit Scheme (Unfunded)

In respect of Gratuity, the most recent actuarial valuation of the plan assets and in respect of Gratuity and Retirement benefit Scheme the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan and the Retirement benefit Scheme of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit and through annual contributions to the funds managed by the Life Insurance Corporation of India.

The Company is exposed to various risks in providing the above gratuity benefit and Leave encashment which are as follows:

Interest Rate Risk:

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

Investment Risk:

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

42 EMPLOYEE BENEFITS (Contd.)

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

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	₹ crores	₹ crores	₹ crores	₹ crores
(i) Changes in Defined Benefit Obligations				
Present Value of - opening balance	30.95	30.06	1.17	1.20
Current Service Cost	1.88	1.85	0.06	0.06
Interest Cost	2.23	2.14	0.08	0.08
Actuarial (Gain) / Loss	1.15	- 0.61	0.10	0.01
Benefits paid	- 1.47	- 2.48	- 0.11	- 0.18
Present value - closing balance	34.74	30.96	1.30	1.17
(ii) Changes in the Fair Value of Plan Assets				
Opening Balance	30.95	28.08	—	—
Expected Return	2.28	2.14	—	—
Actuarial (gain) / loss	- 0.05	- 0.64	—	—
Contributions by employer	1.47	3.86	0.11	0.18
Benefits paid	- 1.47	- 2.48	- 0.11	- 0.18
Closing Balance	33.18	30.96	—	—
Actual return	2.24	1.50	—	—

42 EMPLOYEE BENEFITS (Contd.)

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2020 ₹ crores	31-03-2019 ₹ crores	31-03-2020 ₹ crores	31-03-2019 ₹ crores
(iii) Amounts recognised in the Balance Sheet (as at year end)				
Present Value of Obligations	34.74	30.96	1.30	1.17
Fair Value of Plan Assets	33.18	30.96	—	—
Net Asset / (Liability) recognised	- 1.56	—	- 1.30	- 1.17
(iv) Expenses recognised in the Profit and Loss account statement.				
Current Service Cost	1.88	1.85	0.06	0.06
Interest on obligation	- 0.05	—	0.08	0.08
Total included in "Employee benefit expense"	1.83	1.85	0.14	0.14
(v) Expenses recognized in Other Comprehensive Income				
Remeasurement on the net defined benefit liability				
- Actuarial Gain and Losses arising from changes in financial Assumption	0.96	0.82	- 0.10	- 0.01
- Actuarial Gain and Losses arising from changes in experience adjustment	- 2.11	- 0.21	—	—
Return on plan assets	- 0.05	- 0.64	—	—
Net cost in Other Comprehensive Income	- 1.20	- 0.03	- 0.10	- 0.01
Asset information				
- Insurer managed	100%	100%	NA	NA

42 EMPLOYEE BENEFITS (Contd.)

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	₹ crores	₹ crores	₹ crores	₹ crores
Principal actuarial assumptions				
Mortality	Indian assured Lives Mortality (2012-14)			
Discount rate(%)	6.53	7.37	6.53	7.37
Future Salary increase (%)	8.00	8.00	NA	NA
Expected Rate of return of plan assets (%)	6.53	7.37	NA	NA
Expected average remaining working lives of employees (years)	9.50	7.80	NA	NA
Expected contribution (₹ in crores)	4.00	4.00		

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

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

Particulars	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	₹ crores	₹ crores	₹ crores	₹ crores
Discount Rate				
- 0.5% Increase	33.55	30.12	1.24	1.11
- 0.5% decrease	36.03	31.84	1.37	1.23
Salary Growth Rate				
- 0.5% Increase	36.05	31.88		
- 0.5% decrease	33.52	30.08		
Attrition Rate				
- 0.5% Increase	34.66	30.93		
- 0.5% decrease	34.84	30.98		

42 EMPLOYEE BENEFITS (Contd.)

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

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

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

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 4.00 crores (Previous year Actual ₹ 1.47 crores).

43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at their meeting held on 30th May 2020.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
Chairman

V. SRIDAR
S NARAYAN
A.L. SOMAYAJI
DR. NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
DEEPAK SRIVATSAVA
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

Erode
May 30, 2020

**Consolidated Financial Statements
for the year ended
31st March 2020**

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

R SUBRAMANIAN AND COMPANY LLP
CHARTERED ACCOUNTANTS

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

Report on the audit of Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED (hereinafter referred to as "the Holding Company") and its Subsidiary (the Holding Company and its Subsidiary together referred to as 'the Group') and its Associate, which comprise the Consolidated Balance Sheet as at March 31, 2020 and the Consolidated Statement of Profit and Loss including Other Comprehensive Income (the Consolidated Statement of Changes in Equity) and the Consolidated Cash Flows Statement for the year then ended and Notes to the Consolidated Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and its Associate as at March 31, 2020, of Consolidated Profit, Consolidated statement of changes in Equity, and its Consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section

of our report. We are independent of the group in accordance with the Code of Ethics issued by ICAI, and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- a) Attention is invited to note no 1B (1.2) (g) of the Consolidated financial statements which is extracted below :

"The Company has considered the possible effects that may result from the COVID-19 pandemic on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered."

- b) Due to Covid-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the management at the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence - Specific consideration for

stipulated items', which includes inspection of supporting documentation relating to purchases, production, sales, physical verification performed by the management and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on the Consolidated financial statements.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters

Key Audit Matters

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

Key Audit Matters	Response to Key Audit Matters & conclusion
<p>◇ Purchase of Bagasse – Raw material from related party.</p> <p>During the year, the company has purchased Bagasse from a related party (Associate) for an aggregate purchase value of ₹ 13.73 crores, pursuant to a long-term agreement with the related party.</p> <p>We considered the purchase of Bagasse from a related party as a key audit matter as it constitutes a significant percentage of bagasse purchases, a key raw material.</p> <p>The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the quantities of Bagasse supplied, the calorific value of fuel supplied by the company and the calorific value of Bagasse determined by the both the parties.</p>	<p>◇ We understood and tested the design and operating effectiveness of controls as established by the management in determining the various parameters and the ultimate price determination.</p> <p>◇ We have also tested the relevant records and found the price determination to be in accordance with the agreement. Based on the above procedures, in our opinion the management's determination of the price of Bagasse for the year is considered to be reasonable.</p> <p>◇ The price of Bagasse is fixed for the year pursuant to the terms of the agreement, taking into account the calorific value of fuel supplied by the related party and the calorific value of Bagasse determined by both the parties.</p>
<p>◇ As on 31st March 2020, the company carries cash and bank balances of ₹ 325.26 crores. We considered the amount of cash and bank balance as a key audit matter given the relative size of the balance in the financial statements</p>	<p>◇ We have verified and tested the design and operating effectiveness of controls with regard to maintenance of cash balances and preparation of bank reconciliation statements.</p> <p>◇ We have verified the cash balance at the end of the year as well as the bank reconciliation statements.</p> <p>◇ We have also received confirmation of balances from banks directly which corroborates with the results of our audit procedures.</p>

Key Audit Matters	Response to Key Audit Matters & conclusion
<p>◇ Provision for Income-tax has been made considering the deduction under Section 80-IA in respect of the Captive Power Plant as well as MAT credit [Refer Note No. 35 (B)]. We consider this as a key audit matter given the relative significance of the tax provision in the Statement of Profit and Loss.</p>	<p>◇ We have verified the estimates and judgements made by the management in computing the income for the year as well as the deduction under Section 80-IA and found them to be consistent with the basis adopted in the earlier years and as per legal advice .</p> <p>◇ We have also verified the MAT credit available with the income-tax returns filed for the financial year 2018-19.</p> <p>◇ Based on these procedures, the management's estimate of provision for tax is found reasonable.</p>

Information Other Than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information in the Annual Report, comprising of the Director's report and its annexures, but does not include the Consolidated financial statements and our auditor's report thereon.

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

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

Responsibility of Management and Those Charged With Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation

of these Consolidated Financial Statements in term of the requirements of the Companies Act,2013 (the Act) that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Group, including its Associate, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

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 and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and its Associate are responsible for assessing the ability of the group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

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

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

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

We also :

- ◇ Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◇ Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group and its Associate have adequate Internal Financial Controls system in place and the operating effectiveness of such controls.
- ◇ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◇ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its Associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its Associate to cease to continue as a going concern.
- ◇ Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ◊ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the Consolidated Financial statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the consolidated financial statements. For the associate included in the Consolidated Financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements. We communicate with those charged with governance of the holding company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in Internal Control that we identify during our audit.

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

independence, and where applicable, related safeguards.

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 ₹ 2.69 crores as at March 31, 2020, total revenues of ₹ 0.33 crores and net cash inflows amounting to ₹ 0.16 crores for the year ended on that date, as considered in the Consolidated Financial Statements, have been audited by one of us.
- (b) The Consolidated Financial Statements include the Company's share of Net Profit of ₹ 8.52 crores for the year ended March 31, 2020 as considered in the Consolidated Financial Statements, in respect of its Associate M/s Ponni Sugars (Erode) Limited. The Financial Statements of this Associate have been audited by other Auditors whose Reports have been furnished to us by the Management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amount and disclosures included in respect of this Associate and our Report in terms of sub-section (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 Auditors.
- (c) The comparative financial information of the Group and its associate for the year ended 31st March, 2019 included in these consolidated financial statements, are based on the previously issued Consolidated financial statements audited by us for the year ended 31st March, 2019 dated 25th May, 2019.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept, so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, (the Consolidated Statement of Changes in Equity) and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2020 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, none of the Directors of the Group company, its Associate company is disqualified as on 31st March 2020 from being appointed as a Director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Group and its Associate, and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group and its Associate to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclosed the impact of pending litigations on the consolidated financial position of the Group, its associate –

Refer Note 37 to the Consolidated financial statements.

- ii. The Group, its Associate did not have any material foreseeable losses on long-term contracts including derivative contracts
- iii. There has been no delay in transferring amounts required to be transferred to

the Investor Education and Protection Fund by the Holding Company and its subsidiary and associate and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its 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. 004137S / S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

Place : Chennai

Date : May 30, 2020

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

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2020, we have audited the Internal Financial Controls Over Financial Reporting of SESHASAYEE PAPER AND BOARDS LIMITED (‘the Holding Company’) and its Subsidiary Company and Associate, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system Over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls Over Financial Reporting included obtaining an understanding of Internal Financial Controls Over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditors’ judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s Internal Financial Control Over Financial Reporting is a process designed to provide reasonable assurance regarding the

reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Control Over Financial Reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of Internal Financial Controls Over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any

evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Control Over Financial Reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company, its Subsidiary Company and its Associate incorporated in India has, in all material respects, an adequate Internal Financial Controls System Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at March 31, 2020, based on the Internal Control Over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

Other Matters

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

MAHARAJ N R SURESH AND CO.,

Firm Regn. No. 001931S

N R Suresh

Membership No. 021661

Partner

Chartered Accountants

Place : Chennai

Date : May 30, 2020

R SUBRAMANIAN AND COMPANY LLP

Firm Regn. No. 004137S / S200041

N Krishnamurthy

Membership No. 019339

Partner

Chartered Accountants

— SESHASAYEE PAPER AND BOARDS LIMITED —
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2020

Particulars	Note No.	As At 31-03-2020 ₹ crores	As At 31-03-2019 ₹ crores
(A) ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	2	672.51	669.60
(b) Capital Work-in-Progress	2(A)	31.03	23.36
(c) Other Intangible Assets	2(B)	2.08	2.26
(d) Investment Property	2(C)	1.29	1.10
(e) Financial Assets			
(i) Investments	3	103.39	106.60
(ii) Loans	4	24.70	29.62
(f) Goodwill on Consolidation		11.78	11.78
(g) Other Non-current Assets	5	13.57	8.99
Total Non-current Assets		<u>860.35</u>	<u>856.31</u>
(2) Current Assets			
(a) Inventories	6	169.44	134.57
(b) Financial Assets			
(i) Trade Receivables	7	81.01	79.67
(ii) Cash and Cash Equivalents	8	204.80	64.74
(iii) Bank balances other than (ii) above	9	121.55	246.76
(iv) Loans	10	—	0.62
(v) Others	11	1.20	3.63
(c) Current Tax Assets (Net)	12	0.65	—
(d) Other Current Assets	13	21.57	52.85
Total Current Assets		<u>600.22</u>	<u>582.84</u>
Total Assets		<u>1460.57</u>	<u>1436.15</u>
(B) EQUITY AND LIABILITIES			
I EQUITY			
(a) Equity Share capital	14	12.61	12.61
(b) Other Equity	15	1019.14	880.59
Total Equity		<u>1031.75</u>	<u>893.20</u>

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2020 (Contd.)

Particulars	Note No.	As At 31-03-2020 ₹ crores	As At 31-03-2019 ₹ crores
II LIABILITIES			
1 Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	6.63	51.48
(ii) Other Financial Liabilities	17	17.21	17.00
(b) Provisions	18	20.17	17.92
(c) Deferred Tax Liabilities (net)	19	149.23	121.60
(d) Other Liabilities	20	2.19	3.29
Total Non-current Liabilities		195.43	211.29
2 Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	21	195.00	258.54
(ii) Other Financial Liabilities	22	27.05	63.20
(b) Other Current Liabilities	23	5.35	5.10
(c) Provisions	24	4.59	3.69
(d) Current Tax Liabilities	25	1.40	1.13
Total Current Liabilities		233.39	331.66
Total Equity and Liabilities		1460.57	1436.15

See accompanying Notes to the Consolidated Financial Statements.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
Chairman

V. SRIDAR
S NARAYAN
A.L. SOMAYAJI
DR. NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
DEEPAK SRIVATSAVA
DIRECTORS.

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

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Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

Erode
May 30, 2020

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020

Particulars	Note No.	Year ended 31-03-2020		Year ended 31-03-2019	
		₹ crores	₹ crores	₹ crores	₹ crores
I Revenue from Operations					
Revenue from Sale of Products	26A	1173.68		1312.83	
Other Operating Revenues	26B	10.57		12.68	
II Other Income	27	23.46		22.88	
III Total Income (I+II)			1207.71		1348.39
IV Expenses:					
Cost of Materials Consumed	28	600.89		659.83	
Purchase of Stock-in-Trade	29	30.48		33.42	
Changes in Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress	30	- 53.05		0.52	
Employee Benefits Expense	31	82.32		69.28	
Finance Cost	32	6.89		13.81	
Depreciation and Amortisation Expenses	33	35.03		33.82	
Other Expenses	34	256.67		266.61	
Total Expenses (IV)			959.23		1077.29
V Profit before Exceptional Items and Tax (III-IV)			248.48		271.10
VI Exceptional Items			—		—
VII Profit / (Loss) Before Tax (V+VI)			248.48		271.10
VIII Share of Profits / (Loss) of Associate			8.52		2.32
IX Tax Expenses	35				
(1) Current Tax		45.22		58.26	
(2) Deferred Tax		29.05		23.11	
			74.27		81.37
X Profit / (Loss) for the period from Continuing Operations (VII+VIII-IX)			182.73		192.05

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020 (Contd.)

Particulars	Note No.	Year ended 31-03-2020 ₹ crores	Year ended 31-03-2019 ₹ crores
X Profit / (Loss) for the period from Continuing Operations (VII+VIII-IX)		182.73	192.05
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	42	- 1.30	- 0.04
(ii) Net Fair Value Gain on investment in Equity Instruments through OCI		- 10.98	- 2.63
(iii) Income Tax relating to items that will not be reclassified to Statement of Profit and Loss		0.50	- 0.03
		- 11.78	- 2.70
(iv) Share of OCI in Associate		- 0.18	- 0.48
B (i) Items that will be reclassified to Statement of Profit and Loss		- 2.63	2.63
(ii) Income Tax relating to items that will be reclassified to Statement of Profit and Loss		0.92	- 0.92
		- 1.71	1.71
Total Other Comprehensive Income (A + B)		- 13.67	- 1.47
XII Total Comprehensive Income for the period (Comprising Profit / (Loss) and OCI for the Period) (X+XI)		169.06	190.58
XIII Earnings per Equity Share	41		
(face value of ₹ 2 each)			
(1) Basic		28.97	30.45
(2) Diluted		28.97	30.45

See accompanying notes to the Consolidated Financial Statements.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
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N GOPALARATNAM
Chairman

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DIRECTORS.

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Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

Erode
May 30, 2020

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020

₹ crores

A) EQUITY SHARE CAPITAL

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the reporting year	12.61	12.61
Changes in Equity Share capital during the year	—	—
Balance at the end of the reporting year	12.61	12.61

B) OTHER EQUITY

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at April 01, 2018 (A)	37.16	3.60	500.04	113.08	58.98	—	712.86
Additions during the year							
Profit for the year	—	—	—	192.06	—	—	192.06
Items of OCI for the year (net of taxes) :							
Remeasurement of Defined Benefit Plans (Refer Note No. 42)	—	—	—	- 0.02	—	—	- 0.02
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	- 2.68	—	- 2.68
Share of associate profits	—	—	—	- 0.48	—	—	- 0.48
Items that will be reclassified to Statement of Profit and loss	—	—	—	—	—	1.71	1.71
Total Comprehensive Income for the Year 2018-19 (B)	—	—	—	191.56	- 2.68	1.71	190.59
Reductions during the year							
Dividend	—	—	—	18.92	—	—	18.92
Income Tax on dividend	—	—	—	3.94	—	—	3.94
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (C)	—	—	- 100.00	122.86	—	—	22.86
Balance as at March 31, 2019 (D) = (A+B-C)	37.16	3.60	600.04	181.78	56.30	1.71	880.59

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020 (Contd.)

₹ crores

B) OTHER EQUITY (Contd.)

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow Hedge Reserve	Total
Balance as at March 31, 2019 (D) = (A+B-C)	37.16	3.60	600.04	181.78	56.30	1.71	880.59
Additions during the year:							
Profit for the year	-	-	-	182.72	-	-	182.72
Items of OCI for the year (net of taxes) :							
Remeasurement benefit of Defined Benefit Plans (Refer Note No. 42)	-	-	-	- 0.80	-	-	- 0.80
Net Fair Value Gain on Investment in equity Instruments through OCI	-	-	-	-	- 10.98	-	- 10.98
Share of associate profits	-	-	-	- 0.18	-	-	- 0.18
Items that will be reclassified to Statement of Profit and loss	-	-	-	-	-	- 1.71	- 1.71
Total Comprehensive Income for the Year 2019-20 (E)	-	-	-	181.74	- 10.98	-1.71	169.05
Reductions during the Year							
Dividend	-	-	-	25.23	-	-	25.23
Income Tax on dividend	-	-	-	5.27	-	-	5.27
Transfer to General reserve	-	-	- 100.00	100.00	-	-	-
Total (F)	-	-	- 100.00	130.50	-	-	30.50
Balance as at March 31, 2020 (G) = (D+E-F)	37.16	3.60	700.04	233.02	45.32	-	1019.14

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
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Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

	Year ended 31-03-2020	Year ended 31-03-2019
	₹ crores	₹ crores
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	248.48	271.10
Adjustments for:		
Add:		
Assets discarded	0.09	0.13
Depreciation	35.86	33.82
Allowance for Doubtful debts	0.96	-
Imputed Finance Charge on Interest Free		
Sales Tax Defferal Loan	1.10	1.34
Finance charge on lease liability	0.05	-
Interest and financing charges	5.74	12.47
	<u>43.80</u>	<u>47.76</u>
	292.28	318.86
Less:		
Interest income from Term Deposits	17.11	12.63
Income from Investments	0.55	0.58
Remeasurement of Defined benefit plan	1.30	0.04
Deferred income arising from government grant	1.10	1.10
Interest income from Lease Deposit	0.01	-
Profit / Loss on sale of assets	- 0.03	-
	<u>20.04</u>	<u>14.35</u>
Operating profit before working capital changes	272.24	304.51
Increase / Decrease in working capital:		
Increase / Decrease in Inventories	- 34.87	23.21
Increase / Decrease in Sundry Debtors	- 2.30	27.19
Increase / Decrease in Other Current Assets	33.97	- 44.04
Increase / Decrease in Liabilities and Provisions	- 57.03	19.02
	<u>- 60.23</u>	<u>25.38</u>
Income tax paid	- 45.60	- 57.13
Net cash from operating activities	<u>166.41</u>	<u>272.76</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	- 45.89	- 29.73
Outflow towards "Right to Use" Assets	- 0.25	-
Value of discarded assets	- 0.09	- 0.13
Sale of Property, Plant and Equipment	0.14	0.20
Income from Investments	1.02	0.82
Sale of Investments	-	0.71
Interest income from Term Deposits	17.11	12.63
Income from Inter Corporate Deposit	0.10	0.05
Inter Corporate Deposit	0.60	- 0.60
Net cash used in investing activities	<u>- 27.26</u>	<u>- 16.05</u>

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020 (Contd.)

	Year ended 31-03-2020	Year ended 31-03-2019
	₹ crores	₹ crores
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / decrease in Unsecured Loans	- 3.10	- 3.88
Increase / Decrease of non-current borrowings	- 85.20	- 49.94
Dividend and Dividend tax paid	- 30.41	- 22.81
Interest and financing charges paid	- 5.59	- 12.39
Net cash used in financing activities	- 124.30	- 89.02
Net increase in cash and cash equivalents (I)	14.85	167.69
Cash and cash equivalents as at the beginning of the Year (II)	311.50	143.81
Cash and cash equivalents as at the end of the Year (I + II) **	326.35	311.50
** Includes following balance held in EEFC Accounts in US \$		
-- Amount in US \$ (Mn)	--	3.41
-- Equivalent amount in ₹ crores	--	23.46

Notes:

- Cash and cash equivalents represent cash in hand and cash with Scheduled Banks including Term Deposit.
- Cash from operating activities has been prepared following the indirect method.
- Figures for the previous year have been re-grouped wherever necessary.
- During the current year (and previous year), the Company did not have any change in liabilities arising from following financing activities, affecting the cashflows from financing activities :
 - Changes arising from obtaining or losing control of subsidiaries or other businesses.
 - Changes in fair values
 - Impact of Changes in foreign exchange rates on Borrowings

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
Chairman

V. SRIDAR
S NARAYAN
A.L. SOMAYAJI
DR. NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
DEEPAK SRIVATSAVA
DIRECTORS.
K S KASI VISWANATHAN
Managing Director

N R Suresh
Membership No. 021661
Partner
Chartered Accountants
Erode
May 30, 2020

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**Company Background**

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

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

1 Significant Accounting Policies and Key Accounting Estimates and Judgements**A. Significant Accounting Policies****1.1 Statement of compliance**

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

The company adopted Ind AS from 1st April 2017. Accounting Policies have been consistently applied except where a newly-issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto adopted.

1.2 Basis of preparation and compliance

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

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

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

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

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

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

Level 3 - Unobservable inputs for the asset or liability.

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

Principles Used in Preparing Consolidated Financial Statements

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

- (i) The financial statements of parent and its Subsidiary is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
- (ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- (iii) Intercompany transaction, balances and unrealized gains on transactions between group companies are eliminated.
- (iv) Investment in Associate has been accounted under the equity method as per Ind AS 28 – Investment in Associate and Joint Venture.
- (v) The Company accounts for its share of post acquisition changes in net assets of associates after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its consolidated Statement of Profit and Loss.
- (vi) The difference between the cost of investments in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- (vii) Consolidated Financial Statement are prepared using uniform accounting policies for the like transactions and other events in similar circumstances.

1.3 Current / Non-Current classification

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

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

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

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

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

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

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

1.4 Property, Plant and Equipment (PPE)

Property, Plant and Equipment are tangible items that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.

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

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

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

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

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

- (iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant in relation to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

- (iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalised at cost. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.
- (v) Capital Advances and Capital Work-in-Progress :
- Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use which is generally on commissioning.
- (vi) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, as specified under Schedule II, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate.
- (vii) Estimated useful lives of the assets are as follows:

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

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

1.5 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 and 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 the Statement of Profit and Loss.

1.8 Revenue Recognition,

a. Revenue from Contracts with Customers

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

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

b. Dividend and interest income

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

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

1.9 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 administrative overheads that do not contribute to bring the inventories to the present location and condition and selling costs) incurred in bringing the inventory to their present location and condition. Net realisable value is the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale.

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

1.10 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 or sale 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.

1.11 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. Government Grants whose primary condition is that the Company should purchase, construct or otherwise acquire assets are deducted from the carrying amount of the asset.

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.

Export Benefits are recognized as Income in the year of exports and on grant / receipt of Duty Entitlement certificates. Pending utilisation of the Certificates, they are disclosed under Other Financial Assets.

1.12 Employee Benefits

a. Short Term Employee Benefits

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

b. Post Employment Benefits

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plans

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

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

The Company presents the above liability / (asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent Actuary. However, the

liability towards gratuity, if any, is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

c. Other Long-term Employee Benefits

Entitlement to annual leave and sick leave are recognised when they accrue to employees. Annual leave/ sick leave can be availed or encashed either during service or on retirement subject to a restriction on the maximum number of accumulation of leave. The Company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each annual reporting date. The liability is not funded.

1.13 Lease Accounting

Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17.

The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application. Consequently, the application of the standard has no transition impact.

The Company, as on March 31, 2020, didn't have any transaction of lease, as a lessor. The Company, as a lessee, recognises, at inception of a contract, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.

At commencement date, the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.

The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.

Lease liability and ROU asset are separately presented in the Balance Sheet. Lease payments are classified as financing cash flows while short-term lease payments, payment for leases of low value assets are classified within operating activities.

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

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

1.15 Financial Instruments

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

1.16 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the 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 Other Equity Instruments at Fair Value through Other Comprehensive Income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in Fair Value in Other Comprehensive Income pertaining to Investments in Equity Instruments. This election is not permitted if the equity investment is held for trading. These elected investments 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.

d. Impairment of Financial Assets

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

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

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

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

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

e. Derecognition of Financial Assets:

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

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

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

1.17 Financial Liabilities and Equity Instruments

a. Classification as Debt or Equity

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

b. Equity Instruments

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

c. Financial Liabilities

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

d. Derecognition of Financial Liabilities

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

1.18 Derivative Financial Instruments and Hedge Accounting

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

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

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

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

Cash Flow Hedge

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

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

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

Fair Value Hedges

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

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

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

1.19 Foreign Currency Transactions

a. Initial Recognition

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

b. Measurement of Foreign Currency items at reporting date

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

c. Recognition of Exchange Difference

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

The advance, paid in Foreign Currency to the Suppliers and the advance, received in Foreign Currency from the Customers are treated as non-monetary assets and non-monetary liabilities respectively and consequently, doesn't result in exchange fluctuation at the date of fair valuation.

1.20 Cash Flow Statement

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

1.21 Taxes on Income

Taxes on income comprise of Current Tax and Deferred Tax.

a. Current Tax

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

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

b. Deferred Tax

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

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

Deferred Tax assets are recognised for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilised. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets or liabilities are not recognised. The carrying amount of Deferred Tax Assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilised.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled based on the tax rates that have been enacted or substantially enacted by the end of the reporting period 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 classified under Deferred Tax Assets.

c. Current and Deferred Tax for the year

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

1.22 Ind AS 12 – Uncertainty over Income Tax Treatments

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

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

The Standard permits two possible methods of transition –

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

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

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company has adopted the Standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. However, application of this Standard from 01-04-2019 does not have any significant impact for the Company.

1.23 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 segments 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 Judgments

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

d. Actuarial valuation

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

e. Claims, Provisions and Contingent Liabilities

The Company has ongoing discussions / litigations with various regulatory authorities, trade unions and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute or settlements 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.

g. Others

The Company has considered the possible effects that may result from Covid-19 pandemic on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered.

₹ crores

2 PROPERTY, PLANT AND EQUIPMENT

Description	Gross Carrying Amount			Depreciation				Net Carrying Amount		
	As at 01-04-2019	Additions during the year	Deductions / Adjustments	As at 31-03-2020	As at 01-04-2019	Additions during the year	Deductions / Adjustments	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
LAND	4.17	—	—	4.17	—	—	—	—	4.17	4.17
BUILDINGS										
- FREE HOLD	102.01	6.45	—	108.46	11.97	5.02	—	16.99	91.47	90.04
- RIGHT TO USE ASSETS	0.14	0.74	—	0.88	0.01	0.23	—	0.24	0.64	0.13
PLANT AND EQUIPMENT	652.24	30.14	0.19	682.19	80.57	29.53	0.03	110.07	572.12	571.67
FURNITURE AND FIXTURES	1.88	0.07	—	1.95	0.27	0.07	—	0.34	1.61	1.61
VEHICLES	1.95	0.31	0.04	2.22	0.88	0.29	0.03	1.14	1.08	1.07
OFFICE EQUIPMENT	2.04	1.02	0.01	3.05	1.13	0.51	0.01	1.63	1.42	0.91
	764.43	38.73	0.24	802.92	94.83	35.65	0.07	130.41	672.51	669.60

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

₹ crores

2 (A) CAPITAL WORK IN PROGRESS

Description	Net Carrying Amount	
	As at 31-03-2020	As at 31-03-2019
Opening Balance	23.36	26.82
Add: Additions to Capital Work In Progress during the year ^^	45.67	29.73
Less: Assets Capitalised during the year **	38.00	33.19
Closing Balance	31.03	23.36

** Excludes Lease Asset Capitalised (₹ 0.74 crores) during the year under Ind-AS 116 (Previous Year - Nil)
(Refer Note No. 1.13)

** Includes Intangible assets capitalised during the year (Refer Note No. 2(B))

^^ Includes following expenses capitalised during the year, as directly related to Project Implementation

(a) Insurance - ₹ 0.29 crores (Previous Year - Nil)

(b) Employee Benefits - ₹ 0.92 crores (Previous Year - Nil)

(c) Borrowing Costs - ₹ 0.66 crores (Previous Year - ₹ 0.51 crores)

The Company has applied Capitalisation rate of 9.69% (Previous year 10.05%) which is the Effective Interest Rate (EIR) of the Specific Borrowings.

2 (B) OTHER INTANGIBLE ASSETS

₹ crores

Description	Gross carrying Amount				Amortisation			Net Carrying Amount		
	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 01.04.2019	Additions during the year	Deductions / Adjustments	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
COMPUTER SOFTWARE	1.74	—	—	1.74	0.12	0.12	—	0.24	1.50	1.62
TECHNICAL KNOW-HOW	1.41	0.01	—	1.42	0.77	0.07	—	0.84	0.58	0.64
	3.15	0.01	—	3.16	0.89	0.19	—	1.08	2.08	2.26

Description	Gross carrying Amount					Amortisation		Net Carrying Amount		
	As at 01.04.2018	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deductions / Adjustments	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
COMPUTER SOFTWARE	1.16	0.58	—	1.74	0.05	0.07	—	0.12	1.62	1.11
TECHNICAL KNOW-HOW	1.41	—	—	1.41	0.56	0.21	—	0.77	0.64	0.85
	2.57	0.58	—	3.15	0.61	0.28	—	0.89	2.26	1.96

2 (i) The Company has been sanctioned Term Loans from banks which carry charge over the assets of the Company (Refer Note No. 16 towards security.)

(ii) Refer Note No 37(b) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

2 (C) INVESTMENT PROPERTY

₹ crores

Description	Gross Carrying Amount				Depreciation			Net Carrying Amount		
	As at 01-04-2019	Additions during the year	Deductions / Adjustments	As at 31-03-2020	As at 01-04-2019	Additions during the year	Deductions / Adjustments	As at 31-03-2020	As at 31-03-2020	As at 31-03-2019
LAND	0.05	–	–	0.05		–	–	–	0.05	0.05
BUILDINGS	1.02	0.23	–	1.25	0.06	0.02	–	0.08	1.17	0.96
PLANT AND EQUIPMENT	0.13	–	–	0.13	0.04	0.02	–	0.06	0.07	0.09
FURNITURE AND FIXTURES	0.03	–	–	0.03	0.03	–	–	0.03	–	–
	1.23	0.23	–	1.46	0.13	0.04	–	0.17	1.29	1.10

Description	Gross Carrying Amount				Depreciation				Net Carrying Amount	
	As at 01-04-2018	Additions during the year	Deductions / Adjustments	As at 31-03-2019	As at 01-04-2018	Additions during the year	Deductions / Adjustments	As at 31-03-2019	As at 31-03-2019	As at 31-03-2018
LAND	0.05	–	–	0.05	–	–	–	–	0.05	0.05
BUILDINGS	1.03	–	0.01	1.02	0.04	0.02	–	0.06	0.96	0.99
PLANT AND EQUIPMENT	0.13	–	–	0.13	0.03	0.01	–	0.04	0.09	0.10
FURNITURE AND FIXTURES	0.03	–	–	0.03	0.03	–	–	0.03	–	–
	1.24	–	0.01	1.23	0.10	0.03	–	0.13	1.10	1.14

Fair value as on 31.03.2020 in ₹ 36.74 crores (previous year ₹ 36.47 crores).

SESHASAYEE PAPER AND BOARDS LIMITED

	No of shares	Face Value	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
3 INVESTMENTS				
Non Current Investments				
A. Investments in Equity Instruments				
a. Quoted Equity Shares				
(i) Associate				
(Measured using Equity Method)				
Ponni Sugars (Erode) Limited				
Carrying amount of Investment #	2365062	10	52.69	44.92
(ii) Others				
Investments Measured at Fair Value through Other Comprehensive Income				
Housing Development Finance Corporation Limited	265830	2	43.41	52.32
HDFC Bank Limited (Previous Year - 2500 Shares of face value ₹ 2 each)	5000	1	0.43	0.58
High Energy Batteries (India) Limited	282911	10	5.86	6.61
Tamilnadu Newsprint and Papers Limited	100000	10	0.89	2.06
Total Quoted Equity Shares			103.28	106.49
b. Unquoted Equity Shares				
(i) Others				
Investments Measured at Fair Value through Other Comprehensive Income				
SPB Projects and Consultancy Limited	52250	10	0.05	0.05
Time Square Investments Private Ltd	55000	10	0.06	0.06
Total Unquoted Equity Shares			0.11	0.11
Total Investments In equity Instruments			103.39	106.60
# Carrying amount includes the following:				
Goodwill			4.49	4.49
Share of Profit			8.34	1.84
Aggregate amount of :				
Quoted Investments - At Cost			24.62	24.62
Quoted Investments - At Market value			83.27	93.24
Unquoted Investments - At Cost			0.11	0.11

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
4 LOANS		
(Non-current Financial Assets)		
Unsecured considered good		
a) Security Deposit	5.71	11.11
b) Loan to Related Party		
Due from SPB Equity Shares Trust	12.50	12.50
c) Other Loans		
Intercompany loans	6.49	6.01
	24.70	29.62
5 OTHER NON CURRENT ASSETS		
Capital Advances	9.38	4.80
Charges paid under Protest *	4.19	4.19
	13.57	8.99
* Includes		
- Energy Charges paid under protest to TNERC (Refer Note No. 37(a)(iv))	2.00	2.00
- Customs Duty paid under protest (Refer Note No. 37(a)(i))	0.28	0.28
- Grid Paralleling Charges paid under protest (not in the nature of contingent liability).	1.11	1.11
- Other duties and taxes paid under protest (not in the nature of contingent liability).	0.80	0.80
6 INVENTORIES		
Raw Materials *	49.17	51.99
Work- in- Progress	11.78	6.35
Finished Goods	45.45	—
Stock-in-Trade	4.38	2.20
Stores, Spares, Chemicals and others #	58.66	74.03
	169.44	134.57
* Includes Material In Transit	11.11	6.45
# Includes Material In Transit	9.87	32.81

(For method of valuation, please refer to Note No.1.9)

(Please refer Note No.38(C)(3) for security created on Inventories)

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
7 TRADE RECEIVABLES		
Trade Receivables		
a) Secured, Considered Good	29.31	28.07
b) Unsecured, Considered Good	51.70	50.06
c) Unsecured with significant increase in Credit Risk but Considered Good	—	1.54
d) Unsecured, Considered Doubtful	1.93	0.97
	<u>82.94</u>	<u>80.64</u>
Less:		
Allowance for bad and doubtful debts	1.93	0.97
	<u>81.01</u>	<u>79.67</u>
(Please refer Note No.38(C)(3) for security created on Receivables)		
8 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with banks	5.47	34.54
Term deposits with original maturity of less than 3 months	199.15	30.00
Cash on hand	0.18	0.20
	<u>204.80</u>	<u>64.74</u>
9 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Other Balances with Banks		
Term deposits with original maturity for more than 3 months but less than 12 months *	120.40	245.70
Unpaid dividend accounts	1.15	1.06
	<u>121.55</u>	<u>246.76</u>
* includes ₹ 0.01 crore (previous year ₹ 0.01 crore) given as Security Deposit with VAT Authorities.		
10 CURRENT ASSETS - LOANS		
Unsecured Considered good		
a) Other Loans		
Intercompany loans	—	0.62
	<u>—</u>	<u>0.62</u>

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	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
11 OTHER CURRENT FINANCIAL ASSETS		
a) Export Incentive Receivable	1.15	2.61
b) Other Current Financial Assets *	—	0.95
c) Security Deposits	0.05	0.07
	<u>1.20</u>	<u>3.63</u>
* includes fair value of derivatives (net)		
12 CURRENT TAX ASSET (NET)		
Income tax (Net of provisions)	0.65	—
	<u>0.65</u>	<u>—</u>
13 OTHER CURRENT ASSETS		
a) Advances/Claims Recoverable in cash or in kind	6.45	5.57
b) Balance with Government Authorities		
- GST Receivable	10.84	42.90
c) Prepaid expenses	2.43	2.56
d) Advance to Employees	0.46	0.32
e) Other receivable	1.39	1.50
	<u>21.57</u>	<u>52.85</u>
14 EQUITY SHARE CAPITAL		
Authorised		
20 00 00 000 - Equity Shares of ₹ 2 each**	40.00	40.00
(Previous Year - 4 00 00 000 Equity Shares of ₹ 10 each)		
3 00 00 000 - Cumulative Redeemable		
Preference Shares of ₹ 10 each	30.00	30.00
	<u>70.00</u>	<u>70.00</u>
Issued, Subscribed and Fully paid up:		
6 30 68 140 - Equity Shares of ₹ 2 each**	12.61	12.61
(Previous Year - 1 26 13 628 Equity Shares of ₹ 10 each)	<u>12.61</u>	<u>12.61</u>

** The Company, during the year 2019-20, had done a Stock Split whereby an Equity Share of face value of ₹ 10 each fully paid up was split in to 5 (Five) Equity Shares of face value of ₹ 2 each fully paid up.

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

	As at 31-03-2020		As at 31-03-2019	
	No of Shares	₹ crores	No of Shares	₹ crores
At the beginning of the year	12613628	12.61	12613628	12.61
Stock split at 5 :1 during the year	50454512	—	—	—
At the end of the year	63068140	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

	As at 31-03-2020		As at 31-03-2019	
Name of Share Holders	No. of Shares	% of Share Holding	No. of Shares	% of Share Holding
(a) Tamilnadu Industrial Investment Corporation Limited	9000000	14.27	1800000	14.27
(b) Ponni Sugars (Erode) Ltd (Associate)	8840905	14.02	1768181	14.02
(c) Synergy Investments Pte Ltd	7738475	12.27	1547695	12.27
(d) Time Square Investments (P) Ltd	6288105	9.97	1257621	9.97
(e) Atyant Capital India Fund I	3383140	5.36	676628	5.36

15 OTHER EQUITY

	₹ crores						
Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow hedge Reserve	Total
Balance as at April 01, 2018 (A)	37.16	3.60	500.04	113.08	58.98	—	712.86
Additions during the year:							
Profit for the year	—	—	—	192.06	—	—	192.06
Items of OCI for the year (net of taxes) :							
Remeasurement of Defined Benefit Plans (Refer Note No. 42)	—	—	—	- 0.02	—	—	- 0.02
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	- 2.68	—	- 2.68
Share of associate profits	—	—	—	- 0.48	—	—	- 0.48

15 OTHER EQUITY (Contd.)

₹ crores

Particulars	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through OCI	Cash Flow hedge Reserve	Total
Items that will be reclassified to Statement of Profit and Loss	—	—	—	—	—	1.71	1.71
Total Comprehensive Income for the Year 2018-19 (B)	—	—	—	191.56	- 2.68	1.71	190.59
Reductions during the Year							
Dividend	—	—	—	18.92	—	—	18.92
Income Tax on Dividend	—	—	—	3.94	—	—	3.94
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (C)	—	—	- 100.00	122.86	—	—	22.86
Balance as at March 31, 2019 (D) (A+B-C)	37.16	3.60	600.04	181.78	56.30	1.71	880.59
Additions during the year:							
Profit for the year	—	—	—	182.72	—	—	182.72
Items of OCI for the year (net of taxes) :							
Remeasurement of Defined Benefit Plans (Refer Note No. 42)	—	—	—	- 0.80	—	—	- 0.80
Net Fair Value Gain on Investment in Equity Instruments through OCI	—	—	—	—	- 10.98	—	- 10.98
Share of associate profits	—	—	—	- 0.18	—	—	- 0.18
Items that will be reclassified to Statement of Profit and Loss	—	—	—	—	—	- 1.71	- 1.71
Total Comprehensive Income for the Year 2019-20 (E)	—	—	—	181.74	- 10.98	- 1.71	169.05
Reductions during the Year							
Dividend	—	—	—	25.23	—	—	25.23
Income Tax on dividend	—	—	—	5.27	—	—	5.27
Transfer to General reserve	—	—	- 100.00	100.00	—	—	—
Total (F)	—	—	- 100.00	130.50	—	—	30.50
Balance as at March 31, 2020 (D+E-F)	37.16	3.60	700.04	233.02	45.32	—	1019.14

Description of nature and purpose of each reserve :

General Reserve

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

Capital Reserve

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

Securities Premium Account

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

Cash Flow Hedge Reserve

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

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
16 BORROWINGS		
(Non-Current Financial Liabilities)		
Secured		
Unit: Erode - Term Loan		
From Banks	—	25.46
Unit: Tirunelveli -Term Loan		
From Banks	—	17.15
Unsecured		
From others - Interest Free Sales tax Loan	6.63	8.87
	6.63	51.48

UNIT: ERODE:

The Company has been sanctioned a Term Loan of ₹ 50.00 crores by Canara Bank and ₹ 32.50 crores by State Bank of India for the execution of the Project Mill Development Plan - III (MDP-III) at its Unit : Erode. The Company has not commenced availment of the said loan as on March 31, 2020.

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

16 (ii) Terms of Repayment :

- (a) The Term loan of ₹ 50.00 crores from Canara Bank (sanctioned for Project MDP-III at Unit : Erode and unavailed as of March 31, 2020) which presently carries interest rate of 9.00 %, is repayable in 60 equal monthly instalments of ₹ 0.83 crores commencing from April 2021.
- (b) The Term loan of ₹ 32.50 crores from State Bank of India (sanctioned for Project MDP-III at Unit : Erode and unavailed as of March 31, 2020) which presently carries interest rate of 8.80 %, is repayable in 60 equal monthly instalments of ₹ 0.54 crores commencing from April 2021.

(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 repaid ₹ 35.89 crores up to March 31, 2020.

The Company has adopted previous GAAP for the carrying amount of the loan at the date of transition and has applied Ind AS 109 after the date of Transition.

Loan outstanding as at April 01, 2016 was valued at fair value and the difference between gross outstanding and fair value of loan was the benefit derived from interest free loan and is recognised as deferred income. Interest on the loan is recognised in the Statement of Profit and Loss applying effective interest rate of 10%. (Refer Note No. 1.11)

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

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
17 OTHER NON-CURRENT FINANCIAL LIABILITIES		
Security deposits	16.93	17.00
Lease Liability (Non-Current) (Refer Note No. 1.13)	0.28	–
	17.21	17.00
18 PROVISIONS (Non-Current Liabilities)		
a) Provision for Employee benefits		
Provision for Leave Encashment and Retirement Fund	8.27	6.81
b) Others	11.90	11.11
Provision for Generation tax	20.17	17.92

19 DEFERRED TAX LIABILITY (NET)

₹ crores

Particulars	As at 01-04-2019	Recognised in Statement of P&L during 2019-20	OCI 2019-20	As at 31-03-2020
As at 31-03-2020				
Deferred Tax Liabilities				
Difference between WDV of Fixed Assets as per the books of accounts and Income Tax, Act 1961.	166.85	0.03	—	166.88
Deferred Tax Assets				
Expenses allowable for tax purpose on payment basis	- 8.23	1.00	—	- 7.23
Difference in carrying value and tax base of Interest Free Sale Tax Loan measured at FVTPL	- 0.52	—	—	- 0.52
Remeasurement of Defined Benefit Plans	- 2.12	—	- 0.50	- 2.62
Income Tax relating to items that will be reclassified to Statement of Profit and Loss	0.92	—	- 0.92	—
Deferred Tax Liability	156.90	1.03	- 1.42	156.51
Tax Credit				
MAT Credit Entitlement	35.30	- 28.02	—	7.28
	121.60			149.23

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

Note : Deferred Tax is net of MAT credit of ₹ 7.28 crores (₹ 35.30 crores previous year) carried forward as the company considers that there exists reasonable certainty to recover the same in future.

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
20 OTHER NON-CURRENT LIABILITIES		
Deferred Income arising from Government grants (Refer Note No. 1.11)	2.19	3.29
	<u>2.19</u>	<u>3.29</u>
21 TRADE PAYABLES		
a) Total outstanding dues of Micro and Small and Medium Enterprise	3.66	21.50
b) Total Outstanding dues of creditors other than Micro and Small and Medium Enterprise	191.34	237.04
	<u>195.00</u>	<u>258.54</u>
21 (i) The classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made on the basis of information made available to the Company.		
(ii) Disclosure requirement as required under Micro, Small, & Medium Enterprises Development Act, 2006 is as follows		
	2019-20	2018-19
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.	3.66	21.50
ii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
iv) Interest accrued and remaining unpaid at the end of each accounting year:	Nil	Nil
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
22 OTHER FINANCIAL LIABILITIES		
(Current Financial Liabilities)		
Current maturities of Long Term Borrowings (Refer Note No. 16)	–	42.35
Current maturities of Interest Free Sales Tax Loan (Refer Note No.16 (iii))	3.35	3.10
Current maturities - Lease Liability (Refer Note No. 1.13)	0.23	–
Interest Accrued but not due	–	0.09
Unpaid Dividends	1.15	1.06
Others;		
- Payable for capital expenditure	0.67	1.75
- Security Deposit	1.78	1.76
- Retention Monies	4.68	4.39
- Employees dues	10.16	8.70
- Fair valuation of derivatives	5.03	–
	<u>27.05</u>	<u>63.20</u>
23 OTHER CURRENT LIABILITIES		
Other liabilities:		
(a) Statutory Liabilities	2.46	2.46
(b) Deferred Income arising from Government grants (Refer Note 1.11)	1.10	1.10
(c) Advances received from Customers	1.79	1.54
	<u>5.35</u>	<u>5.10</u>
24 CURRENT PROVISIONS		
Provision for Employee Benefits	4.59	3.69
	<u>4.59</u>	<u>3.69</u>
25 CURRENT TAX LIABILITIES (NET)		
Income Tax**	1.40	1.13
	<u>1.40</u>	<u>1.13</u>

** Includes provision made for settlement under Direct Tax Vivad
Se Vishwas Rules, 2020 - ₹ 1.40 crores (Previous Year - Nil)

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2020		Year ended 31-03-2019	
	₹ crores	₹ crores	₹ crores	₹ crores
26 REVENUE FROM OPERATIONS				
A) REVENUE FROM SALE OF PRODUCTS				
Paper and Paper Boards				
India *	908.23		1035.18	
Rest of the World	235.75		240.63	
		1143.98		1275.81
Stock in Trade				
India		29.43		36.75
Services - Rent				
India		0.27		0.27
		1173.68		1312.83
Break-up of Revenue from Sale of Products - Contracted Price and adjustments				
Sales Value at Contracted price		1224.42		1360.15
Add : Export benefits		8.85		9.49
Less : Adjustments				
Cash Discount	22.57		25.16	
Other Discounts / Incentives	37.02		31.65	
		59.59		56.81
		1173.68		1312.83
B) OTHER OPERATING INCOME				
Other Operating Income		10.57		12.68
		10.57		12.68
27 OTHER INCOME				
Interest Income				
- On financial assets carried at Amortised Cost		19.21		15.55
Dividend Income from Equity Investments measured at fair value through OCI		0.55		0.58
Government Grant (Refer Note No. 1.11)		1.10		1.10
Other non-operating income		2.60		4.50
Net Exchange Gain		-		1.15
		23.46		22.88

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2020		Year ended 31-03-2019	
	₹ crores	₹ crores	₹ crores	₹ crores
28 COST OF MATERIALS CONSUMED				
Raw material				
i) Wood	215.92		231.54	
ii) Bagasse	16.11		16.70	
iii) Purchased Pulp	71.93		102.56	
iv) Waste Paper	42.37		54.52	
	<u>346.33</u>		<u>405.32</u>	
Feeding and other Charges	7.48		7.66	
		353.81		412.98
Chemicals & Consumables		221.32		224.18
Packing Materials		25.76		22.67
		<u>600.89</u>		<u>659.83</u>
29 PURCHASE OF STOCK-IN-TRADE				
Notebook & Paper		5.90		7.44
Petroleum Products		24.58		25.98
		<u>30.48</u>		<u>33.42</u>
30 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN- TRADE AND WORK-IN-PROGRESS				
Opening stock				
- Finished goods	—		—	
- Work in progress	6.35		5.04	
- Stock-in-Trade	2.20		4.03	
		8.55		9.07
Closing stock				
- Finished goods	45.45		—	
- Work in progress	11.78		6.35	
- Stock-in-Trade	4.38		2.20	
		61.61		8.55
		<u>- 53.05</u>		<u>0.52</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2020	Year ended 31-03-2019
	₹ crores	₹ crores
31 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	68.71	56.05
Contribution to Provident & other Funds (Refer Note No.1.12)	6.93	6.97
Staff welfare Expenses	6.68	6.26
	82.32	69.28
32 FINANCE COSTS		
Interest on financial liabilities carried at amortised cost - Effective interest method		
- Interest on borrowings	3.47	9.79
- Interest on interest free Sales tax loan (Refer Note No. 1.11)	1.10	1.34
Interest on Security Deposits measured at Amortised Cost	2.04	1.97
Other borrowing costs	0.28	0.71
	6.89	13.81
33 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of Property, Plant and Equipment (Refer Note No. 2)**	34.82	33.50
Amortisation of Intangible assets (Refer Note No. 2(B))	0.18	0.28
Depreciation of Investment Property (Refer Note No. 2(C))	0.03	0.04
	35.03	33.82

** Excludes depreciation at 100% on capital expenditure of Rs 0.83 crores on CSR.

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-03-2020	Year ended 31-03-2019
	₹ crores	₹ crores
34 OTHER EXPENSES		
Power and Fuel		
(i) Purchased Power	35.73	32.11
(ii) Consumption of Fuel	103.07	123.53
(iii) Generation Tax	2.13	2.19
	140.93	157.83
Repairs and Maintenance		
- Buildings	7.12	6.91
- Plant & Machinery	36.20	37.54
- Others	2.41	2.22
	45.73	46.67
Insurance	3.03	2.85
Rent, Rates and Taxes	0.60	3.19
Selling and Distribution Expenses	35.42	32.14
Net foreign exchange loss	4.94	-
Allowance for doubtful debts	0.96	-
Auditors' remuneration (Refer Note No. 36 (a))	0.62	0.52
Corporate Social Responsibility expenses (Refer Note No. 36 (b))**	4.24	2.58
Miscellaneous	20.20	20.83
	256.67	266.61

** Includes depreciation at 100% on capital expenditure of Rs 0.83 crores on CSR.

Year ended 31-03-2020	Year ended 31-03-2019
₹ crores	₹ crores

35 TAX EXPENSE

(A) The major components of Income Tax expense for the year are as under:

Tax expenses recognised in the Statement of Profit and Loss

Current Tax

Current tax on the Taxable income for the year	45.22	58.26
	45.22	58.26

Deferred Tax comprises:

Deferred Tax Liability on account of depreciation	0.03	0.82
Disallowance of expenses Under Section 43B and other Temporary difference	1.00	1.09
Deferred Tax Asset on account of Interest Free Sales Tax Loan	—	- 0.09
MAT Credit Entitlement	28.02	21.29
	29.05	23.11

Total Tax Expense

74.27	81.37
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(B) Reconciliation of Tax expense and the accounting profit for the year is as under:

Enacted income tax rate in India applicable to the Company

34.94%	34.94%
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Profit Before Tax	248.48	271.10
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Current tax expenses on Profit Before Tax at the enacted income tax rate in India	86.83	94.74
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Tax effect of the amounts which are not deductible / (taxable) in calculating taxable income

Tax on CSR activities	1.48	0.90
Tax On Dividend exempt	- 0.74	- 0.57
Tax On Deduction U/S 80 IA	- 18.35	- 15.52
Tax on difference in Depreciation	- 0.87	- 1.44
MAT Credit Entitlement	- 28.02	- 21.29
Provision under Vivad Se Vishwas Rules, 2020	1.40	—
Tax on Fair Valuation loss on Forward Contracts held on Cash Flow basis	1.76	—
Other Differences	1.73	1.44
	- 41.61	- 36.48

Current Tax for the Year

45.22	58.26
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Effective rate of tax

18.20%	21.49%
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Year ended 31-03-2020	Year ended 31-03-2019
₹ crores	₹ crores

35 TAX EXPENSE (Contd.)

(C) Taxes on items of OCI:

A	Items that will not be reclassified to Statement of Profit and Loss		
(i)	Income Tax on Remeasurement of Defined Benefit Plans	- 0.45	- 0.02
(ii)	Income Tax on Net Fair Value Gain/ (Loss) on Investment in Equity Instruments	- 0.05	0.05
B	Items that will be reclassified to Statement of Profit and Loss	- 0.92	0.92
		<u>- 1.42</u>	<u>0.95</u>

Note :

Provision for current tax is made after set off of the deduction under Section 80-IA of the Income tax Act and eligible MAT credit.

Year ended 31-03-2020	Year ended 31-03-2019
₹ crores	₹ crores

36 (a) PAYMENT TO AUDITORS

Statutory Audit fees	0.29	0.29
Taxation Matters	0.25	0.16
Certification work	0.07	0.05
Reimbursement of expenses	0.01	0.02
	<u>0.62</u>	<u>0.52</u>

36 (b) CORPORATE SOCIAL RESPONSIBILITY EXPENSES

a)	Gross amount required to be spent as per section 135 of the Companies Act, 2013 read with Schedule VII thereof	4.05	2.57
b)	Amount spent during the year	4.24	2.58
i.	Construction / Acquisition of any assets	2.59	1.02
ii.	Purpose other than (i) above	1.64	1.56

37 CONTINGENT LIABILITIES AND COMMITMENTS

	Year ended 31-03-2020 ₹ crores	Year ended 31-03-2019 ₹ crores
(A) Holding Company		
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	4.39	6.24
(ii) Differential duty on Coal imported and consequent penalty contested before CESTAT, Chennai	21.64	21.64
(iii) Demand by Public Works Department based on Sanctioned quantity of water as against actual water drawn contested in writ petition before Hon'ble High Court of Madras.	20.31	17.88
(iv) Demand towards energy charges as per TNERC order contested in writ petition before Hon'ble High Court of Madras.	4.63	4.63
(v) Other - Demand contested.	0.18	0.18
b. Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for:	62.02	13.84
(ii) Export Obligation in respect of Imports cleared under Export Promotion Capital Goods Scheme	1.88	–
(B) Subsidiary Company	Nil	Nil
(C) Associate (Holding Company's Share)		
a. Contingent Liabilities		
Claims against the company not acknowledged as debts:		
- Indirect tax demands contested	0.02	0.14
- Electricity related demands contested	0.05	0.05
b. Commitments		
- Contracts for purchase of sugar cane	29.01	26.78

38 (A) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

		₹ crores			
	Refer Note	Non Current		Current	
		As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Financial Assets measured at Fair Value through Profit or Loss (FVTPL)		—	—	—	—
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in quoted equity shares*	3 (A) (a)	50.59	61.57	—	—
Investments in Unquoted equity shares	3 (A) (b)	0.11	0.11	—	—
Financial Assets measured at amortised cost					
Loans	4 / 10	24.70	29.62	—	0.62
Trade Receivables	7	—	—	81.01	79.67
Cash and Cash Equivalents	8	—	—	204.80	64.74
Bank balances other than Cash And Cash Equivalents	9	—	—	121.55	246.76
Other current Financial Asset	11	—	—	—	0.95
Financial Liabilities measured at Fair Value through Profit and Loss		—	—	—	—
Financial Liabilities measured at amortised cost					
Term Loan from Banks	16 / 23	—	42.61	—	42.35
Interest free sales tax Loan	16 / 23	6.63	8.87	3.35	3.10
Other Financial Liabilities	17	17.21	17.00	—	—
Trade Payables	21	—	—	195.00	258.54
Other Financial Liabilities	22				
Interest accrued but not due on borrowings		—	—	—	0.09
Unpaid / Unclaimed Dividend		—	—	1.15	1.06
Payable towards capital expenditure		—	—	0.67	1.75
Security Deposit		—	—	1.78	1.76
Retention Monies		—	—	4.68	4.39
Employees Dues		—	—	10.16	8.70
Fair valuation of derivatives		—	—	5.03	—

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

38 (B) FAIR VALUE MEASUREMENTS

	₹ crores			
	Fair value hierarchy			
	Fair value	Quoted price in active Markets (Level 1)	Significant observable (Level 2)	Significant unobservable (Level 3)
As at 31st March 2020				
Financial Assets/Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	50.59	50.59		
Investments in Unquoted equity shares	0.11			0.11
As at 31st March 2019				
Financial Assets / Financial Liabilities				
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)				
Investments in quoted equity shares	61.57	61.57		
Investments in Unquoted equity shares	0.11			0.11

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

38 (C) FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise mainly of trade payables and other payables. The Company has NIL Term Loan Borrowings from Banks / any Financial Institutions as on March 31, 2020 and hence doesn't have any financial liability and allied risk on this account. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, trade receivables, other receivables and investments.

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

1) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

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 repaid / prepaid all the Term Loans (sanctioned and availed for Projects) during the FY 2019-20. The Company, throughout the FY 2019-20, has not availed the Fund Based Working Capital Limits, sanctioned by the Consortium of Bankers. The Company has obtained a sanction, from its Consortium of Bankers, for a Term Loan of ₹ 82.50 crores for its expansion project Mill Development Plan – III, during the FY 2019-20. However, the Company is yet to commence availment of the Term Loan. The Company has not entered into any of the interest rate swaps. Hence, the Company is not exposed to any interest rate risk, as on March 31, 2020.

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

	31-03-2020	31-03-2019
	₹ crores	₹ crores
Variable Rate Borrowings	—	84.96
Fixed Rate Borrowings	—	—
	—	84.96

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

	31-03-2020	31-03-2019
	₹ crores	₹ crores
(i) Weighted average interest rate (%)	—	9.37
(ii) Balance (₹ crores)	—	84.96
(iii) % of Total Loan	—	100

Interest Rate Sensitivity analysis

As explained above, the Company has NIL Interest Rate risk, as of March 31, 2020, Sensitivity analysis of the same is not applicable, at the end of the reporting period.

Impact on Profit before tax

	31-03-2020	31-03-2019
	₹ crores	₹ crores
Interest rates - increase by 50 basis points	—	- 0.42
Interest rates - decrease by 50 basis points	—	0.42

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, in general, 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). However, due to the extra-ordinary global situation amidst the Covid-19 Lockdown and due to the wild fluctuations in the Forex Rates during this period, the Company had 'open position' with regard to Foreign Exchange liability amounting to US \$ 7,969,063 as on 31st March 2020 (Previous Year - NIL).

The Company is also exposed to foreign currency risk on its Exports. As on March 31, 2020, the Company had Export Receivables in Foreign Currency amounting to US \$ 2,039,255 and AED 682,646. (Previous Year – US \$ 1,281,586)

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

	As at 31-03-2020	As at 31-03-2019
	US \$	US \$
Payment Obligations, towards Imports, hedged with Forward Contracts under		
- Fair Value Approach	—	12 940 222
- Cash Flow Approach	—	2 200 000
Export Realizations hedged with Forward Contract under		
- Cash Flow Approach	21,500,000	7 600 000

Owing to the Covid 19 pandemic, the probable future forecast transactions that were hedged (export realisations), on a conservative evaluation, are not likely to occur / materialise and the consequent accumulated losses in the cash flow hedge reserve are treated as ineffective and reclassified to Profit and loss account.

c) Commodity price risk

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material prices under check, to the extent possible.

d) 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 on Fixed Interest Rate Terms 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.

e) Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and wide range of products to meet the needs of its customers.

2) Credit Risk

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

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

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

In respect of exports of paper, exports are, in general, made against advances received or terms with payment against documents or against confirmed LCs of usance period not exceeding 60 days. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

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

3) Liquidity risk

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

The Company manages the liquidity risk by (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds (ii) making available the funds from realizing timely maturities of financial assets to meet the obligations when due. The

management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Also, the Company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liabilities and monitoring balance sheet liquidity ratios. Further, the liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

Financial arrangements

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

	31-03-2020	31-03-2019
	₹ crores	₹ crores
Expiring within one year	287.50	235.41
Expiring beyond one year	—	—
	287.50	235.41

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

Undrawn Working Capital borrowing facilities (₹ 169.00 crores of Fund Based Limits and ₹ 174.00 crores of Non-Fund Based Limits, sanctioned by Canara Bank) 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 the Company
- Second charge, by way of mortgage of immovable properties of the Company, consisting of land, buildings, fixed plant and machinery, fixtures and fittings, excluding the assets created out of MDP III 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, of Unit : Erode

Security creation for the Undrawn Working Capital facility of ₹ 36.00 crores of Fund Based Limits and ₹ 31.00 crores of Non-Fund Based Limits (sanction by State Bank of India) is in process, as at 31-03-2020.

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

38 (D) CAPITAL MANAGEMENT

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

The following table summarises the capital of the Company:

Particulars	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
Equity	1031.75	893.20
Debt	9.98	96.93
Cash and cash equivalents**	325.20	310.43
Net Debt	- 315.22	- 213.50
Total Capital (Equity + Net Debt)	716.53	679.69
Net Debt to Capital Ratio	- 0.44	- 0.31

** Excludes balance in Unpaid Dividend Account

38 (E) DIVIDEND

Dividend on equity shares paid during the year	25.23	18.92
Dividend distribution tax	5.28	3.94
Total	30.51	22.86

Proposed Dividend

The Board of Directors has recommended payment of Dividend of ₹ 3.50 plus a Diamond Jubilee Special Dividend of ₹ 0.50, totalling to a Dividend of ₹ 4.00 per Equity Share of ₹ 2.00 each, for the financial year 2019-20. The same amounts to ₹ 25.23 crores.

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

Right to Use Assets	As at 31-03-2020 ₹ crores	As at 31-03-2019 ₹ crores
Gross Block	0.88	0.14
Cumulative Depreciation	0.24	0.01
Liability at the end of the year :		
Current	0.23	—
Non-Current	0.28	—
Payment during the year	0.25	—

40 Information on Related party Transactions as Required by Ind AS 24-Related Party Disclosure for the year ended 31st March 2020

A) Key Managerial Personnel:

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

DIRECTORS:

- Sri V Sridar
- Sri S Narayan, I A S (Retd.)
- Sri A L Somayaji
- Dr.(Tmt.) Nanditha Krishna
- Sri Mohan Verghese Chunkath, IAS (Retd.)
- Dr.(Tmt.) Aarthi, I A S
- Sri Deepak srivatsava, I F S

B) Entities Controlled by Directors

- SPB Projects and Consultancy Limited (SPB-PC)
- Time Square Investments Private Limited (TSI)
- Dhanashree Investments Private Limited (DSI)
- Ultra Investments and Leasing Co. Private Limited (UIL)

C) Transaction details :

	Transaction amount		Amount outstanding
	2019-20	2018-19	on 31-03-2020
	₹ crores	₹ crores	
(a)Dhanashree Investments Private Limited			Liabilities :
- Rent and amenity charges	0.04	0.04	0.295 crores Equity
- Dividend paid	1.18	0.89	Shares (4.68%)
			Payable :
			₹ 0.003 crores
(b)Ultra Investments and Leasing Co. Private Limited			Liabilities :
- Reimbursement of expenses	0.01	—	0.093 crores Equity
- Dividend paid	0.37	0.28	Shares (1.47%)

C) Transaction details : (Contd.)

	Transaction amount		Amount outstanding on 31-03-2020	
	2019-20	2018-19		
	₹ crores	₹ crores		
(c) Time Square Investments Private Limited			Liabilities :	
- Dividend paid	2.52	1.89	0.629 crores Equity Shares (10.76%)	
(d) SPB Projects and Consultancy Limited			Assets :	
- Reimbursement of expenses	—	—	Investments in:	
- Inter Corporate Loan	—	0.60	0.01 crores Equity Shares (16.67%)	
- Inter Corporate Loan repaid by SPB-PC	0.60	—	Liabilities :	
- Interest on Inter Corporate Loan	0.03	0.02	0.0011 crores Equity Shares (0.02%)	
- Engineering and Technical Consultancy paid	1.04	—		
- Dividend paid	0.01	0.01		

(e) Remuneration to Whole-time Directors :

	Sri N Gopalaratnam Chairman	Sri K S Kasi Viswanathan Managing Director	Sri V Pichai Deputy Managing Director and Secretary
	₹ crores	₹ crores	₹ crores
Current Year 2019-20			
Short term employee benefits	1.60	1.48	1.48
Post Employee benefits (gratuity) & Long term benefits (Superannuation fund)	0.18	0.15	0.15
Contribution to Provident Fund	0.10	0.08	0.08
	1.88	1.71	1.71
Previous Year 2018-19			
Short term employee benefits	1.60	1.63	1.63
Post Employee benefits (gratuity) & Long term benefits (Superannuation fund)	0.22	0.18	0.18
Contribution to Provident Fund	0.10	0.08	0.08
	1.92	1.89	1.89

C) Transaction details : (Contd.)

	2019-20 ₹ crores	2018-19 ₹ crores
(f) Sitting fees and Commission to Non-Wholetime Directors		
Sitting fees	0.16	0.17
Commission**	0.34	0.35
	0.50	0.52

** The commission for 2019-20 is subject to the approval of the shareholders in this Annual General Meeting.

41 EARNINGS PER SHARE

	Year ended 31-03-2020	Year ended 31-03-2019
Profit after Tax (₹ crores)	182.72	192.06
Weighted average no of Shares	63068140	63068140
Basic earnings per share (₹)	28.97	30.45
Diluted earnings per Share (₹)	28.97	30.45

Note :Earnings Per Share (EPS) for current and previous periods are recalculated, as per the new Face Value of ₹ 2 per Share, consequent to the sub-division of Equity Shares

42 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2020

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	0.24	2.47	- 0.04	- 0.08	—	—	- 0.05	- 0.08
Associate								
- Ponni Sugars (Erode) Limited	5.11	52.69	4.66	8.52	1.32	- 0.18	4.93	8.34

43 EMPLOYEE BENEFITS

(i) Defined Contribution Plans:

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 4.41 crores (Year ended March 31, 2019 ₹ 4.29 crores) for Provident Fund contributions and ₹ 0.32 crores (Year ended March 31, 2019 ₹ 0.32 crores) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined Benefit Plans:

Gratuity (Funded) and Retirement Benefit Scheme (Unfunded)

In respect of Gratuity, the most recent actuarial valuation of the plan assets and in respect of Gratuity and Retirement benefit Scheme the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan and the Retirement benefit Scheme of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit and through annual contributions to the funds managed by the Life Insurance Corporation of India.

The Company is exposed to various risks in providing the above gratuity benefit and Leave encashment which are as follows:

Interest Rate Risk:

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

Investment Risk:

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

Salary Escalation Risk:

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

Demographic Risk:

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

43 EMPLOYEE BENEFITS (Contd.)

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2020 ₹ crores	31-03-2019 ₹ crores	31-03-2020 ₹ crores	31-03-2019 ₹ crores
(i) Changes in Defined Benefit Obligations				
Present Value of - opening balance	30.95	30.06	1.17	1.20
Current Service Cost	1.88	1.85	0.06	0.06
Interest Cost	2.23	2.14	0.08	0.08
Actuarial (Gain) / Loss	1.15	- 0.61	0.10	0.01
Benefits paid	- 1.47	- 2.48	- 0.11	- 0.18
Present value - closing balance	34.74	30.96	1.30	1.17
(ii) Changes in the Fair Value of Plan Assets				
Opening Balance	30.95	28.08	—	—
Expected Return	2.28	2.14	—	—
Actuarial (gain) / loss	- 0.05	- 0.64	—	—
Contributions by employer	1.47	3.86	0.11	0.18
Benefits paid	- 1.47	- 2.48	- 0.11	- 0.18
Closing Balance	33.18	30.96	—	—
Actual return	2.24	1.50	—	—
(iii) Amounts recognised in the Balance Sheet (as at year end)				
Present Value of Obligations	34.74	30.96	1.30	1.17
Fair Value of Plan Assets	33.18	30.96	—	—
Net Asset / (Liability) recognised	- 1.56	—	- 1.30	- 1.17
(iv) Expenses recognised in the Profit and Loss account statement.				
Current Service Cost	1.88	1.85	0.06	0.06
Interest on obligation	- 0.05	—	0.08	0.08
Total included in "Employee benefit expense"	1.83	1.85	0.14	0.14

43 EMPLOYEE BENEFITS (Contd.)

General description	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2020 ₹ crores	31-03-2019 ₹ crores	31-03-2020 ₹ crores	31-03-2019 ₹ crores
(v) Expenses recognized in Other Comprehensive Income				
Remeasurement on the net defined benefit liability				
- Actuarial Gain and Losses arising from changes in financial Assumption	0.96	0.82	- 0.10	- 0.01
- Actuarial Gain and Losses arising from changes in experience adjustment	- 2.11	- 0.21	—	—
Return on plan assets	- 0.05	- 0.64	—	—
Net cost in Other Comprehensive Income	- 1.20	- 0.03	- 0.10	- 0.01
Asset information				
- Insurer managed	100%	100%	NA	NA
Principal actuarial assumptions				
Mortality	Indian assured Lives Mortality (2012-14)			
Discount rate(%)	6.53	7.37	6.53	7.37
Future Salary increase (%)	8.00	8.00	NA	NA
Expected Rate of return of plan assets (%)	6.53	7.37	NA	NA
Expected average remaining working lives of employees (years)	9.50	7.80	NA	NA
Expected contribution (₹ in crores)	4.00	4.00		

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

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:”

43 EMPLOYEE BENEFITS (Contd.)

Particulars	Post employment benefit			
	Gratuity - Funded plan		Retirement benefit Scheme -Non Funded plan	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	₹ crores	₹ crores	₹ crores	₹ crores
Discount Rate				
- 0.5% Increase	33.55	30.12	1.24	1.11
- 0.5% decrease	36.03	31.84	1.37	1.23
Salary Growth Rate				
- 0.5% Increase	36.05	31.88		
- 0.5% decrease	33.52	30.08		
Attrition Rate				
- 0.5% Increase	34.66	30.93		
- 0.5% decrease	34.84	30.98		

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

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

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

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 4.00 crores (Previous year Actual ₹ 1.47 crores).

44 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Board of Directors at their meeting held on 30th May 2020.

Vide our report of date attached

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

R SUBRAMANIAN AND COMPANY LLP
Firm Regn. No. 004137S /S200041

N GOPALARATNAM
Chairman

V. SRIDAR
S NARAYAN
A.L. SOMAYAJI
DR. NANDITHA KRISHNA
MOHAN VERGHESE CHUNKATH
DEEPAK SRIVATSAVA
DIRECTORS.

N R Suresh
Membership No. 021661
Partner
Chartered Accountants
Erode
May 30, 2020

N Krishnamurthy
Membership No. 019339
Partner
Chartered Accountants

V PICHAI
Deputy Managing
Director & Secretary

K S KASI VISWANATHAN
Managing Director

SESHASAYEE PAPER AND BOARDS LIMITED

CIN: L21012TZ1960PLC000364

Regd. Office : Pallipalayam, Namakkal District, Cauvery RS PO, Erode 638 007

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STATEMENT OF AUDITED FINANCIAL RESULTS FOR QUARTER AND YEAR ENDED MARCH 31, 2020

(₹ crores)

Sl. No.	Particulars	Standalone					Consolidated				
		3 months ended			Year ended		3 months ended			Year ended	
		31 03 2020	31 12 2019	31 03 2019	31 03 2020	31 03 2019	31 03 2020	31 12 2019	31 03 2019	31 03 2020	31 03 2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue from Operations										
	a) Revenue from Operation	320.26	285.40	364.69	1183.98	1325.24	320.33	285.46	364.76	1184.25	1325.51
	b) Other Income	4.61	5.84	11.37	23.87	23.06	4.62	5.86	11.39	23.46	22.88
	Total Income	324.87	291.24	376.06	1207.85	1348.30	324.95	291.32	376.15	1207.71	1348.39
2	Expenses										
	a) Cost of Materials consumed	144.79	151.34	169.19	600.89	659.83	144.79	151.34	169.19	600.89	659.83
	b) Purchase of Stock-in-Trade	8.96	6.24	7.29	30.48	33.42	8.96	6.24	7.29	30.48	33.42
	c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	18.62	(-) 27.76	20.44	(-) 53.05	0.52	18.62	(-) 27.76	20.44	(-) 53.05	0.52
	d) Employee benefits expense	16.25	21.81	13.12	82.32	69.28	16.25	21.81	13.12	82.32	69.28
	e) Finance Costs	0.85	1.13	3.05	6.89	13.81	0.85	1.13	3.05	6.89	13.81
	f) Depreciation and amortization expense	7.62	9.16	6.87	35.00	33.78	7.63	9.16	6.88	35.03	33.82
	g) Cost of Power and Fuel	33.23	38.84	37.81	140.93	157.83	33.23	38.84	37.81	140.93	157.83
	h) Other expenses	33.68	27.15	33.57	115.57	108.52	33.79	27.16	33.79	115.74	108.78
	Total expenses	264.00	227.91	291.34	959.03	1076.99	264.12	227.92	291.57	959.23	1077.29
3	Profit / (Loss) from Ordinary Activities after Finance Costs but before Exceptional items	60.87	63.33	84.72	248.82	271.31	60.83	63.40	84.58	248.48	271.10
4	Share of Profit / (Loss) of Associate	--	--	--	--	--	2.51	2.27	1.31	8.52	2.32
5	Exceptional Items	--	--	--	--	--	--	--	--	--	--
6	Profit / (Loss) from Ordinary Activity Before Tax (3+4+5)	60.87	63.33	84.72	248.82	271.31	63.34	65.67	85.89	257.00	273.42
7	Tax expenses										
	Current Tax	12.64	10.92	18.41	45.17	58.20	12.65	10.93	18.43	45.22	58.26
	Deferred Tax	2.68	8.92	4.05	29.05	23.11	2.68	8.92	4.05	29.05	23.11
	Total Tax Expenses	15.32	19.84	22.46	74.22	81.31	15.33	19.85	22.48	74.27	81.37
8	Net Profit / (Loss) from Ordinary Activities After Tax (6-7)	45.55	43.49	62.26	174.60	190.00	48.01	45.82	63.41	182.73	192.05

Sl. No.	Particulars	Standalone					Consolidated				
		3 months ended			Year ended		3 months ended			Year ended	
		31 03 2020	31 12 2019	31 03 2019	31 03 2020	31 03 2019	31 03 2020	31 12 2019	31 03 2019	31 03 2020	31 03 2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
9	Other Comprehensive Income (OCI)										
	A (i) Items that will not be reclassified to Statement of Profit and Loss										
	(a) Remeasurement benefit of the defined benefit Plans	(-) 1.30	--	(-) 0.04	(-) 1.30	(-) 0.04	(-) 1.30	--	(-) 0.04	(-) 1.30	(-) 0.04
	(b) Net Fair Value Gain on investment in Equity Instruments through OCI	(-) 22.71	12.02	(-) 2.19	(-) 10.98	(-) 2.63	(-) 22.71	12.02	(-) 2.19	(-) 10.98	(-) 2.63
	(c) Share of OCI of Associate	--	--	--	--	--	(-) 0.20	0.08	0.05	(-) 0.18	(-) 0.48
	(ii) Income Tax relating to items that will not be reclassified to Statement of Profit and Loss	1.88	(-) 1.35	(-) 0.03	0.50	(-) 0.03	1.88	(-) 1.35	(-) 0.03	0.50	(-) 0.03
	B (i) Items that will be reclassified to Statement of Profit and Loss	(-) 0.21	(-) 0.09	0.38	(-) 2.63	2.63	(-) 0.21	(-) 0.09	0.38	(-) 2.63	2.63
	(ii) Income Tax relating to items that will be reclassified to Statement of Profit and Loss	0.07	0.04	(-) 0.29	0.92	(-) 0.92	0.07	0.04	(-) 0.29	0.92	(-) 0.92
	Total Other Comprehensive Income	(-) 22.27	10.62	(-) 2.17	(-) 13.49	(-) 0.99	(-) 22.47	10.70	(-) 2.12	(-) 13.67	(-) 1.47
10	Total Comprehensive Income for the period (8+9)	23.28	54.11	60.09	161.11	189.01	25.54	56.52	61.29	169.06	190.58
	(Comprising Profit and other Comprehensive income for the period)										
11	Paid-up Equity Share Capital (Face value ₹ 2)	12.61	12.61	12.61	12.61	12.61	12.61	12.61	12.61	12.61	12.61
12	Reserves, excluding Revaluation Reserves, as per the Audited Balance Sheet				985.85	855.15				1019.14	880.59
13	Earnings Per Share of ₹ 2 each (not annualised). (Refer Note 2)										
	(a) Basic	7.22	6.90	9.87	27.68	30.13	7.61	7.27	10.05	28.97	30.45
	(b) Diluted	7.22	6.90	9.87	27.68	30.13	7.61	7.27	10.05	28.97	30.45

STATEMENT OF ASSETS AND LIABILITIES:

(₹ crores)

Particulars	Standalone		Consolidated	
	As at 31 03 2020	As at 31 03 2019	As at 31 03 2020	As at 31 03 2019
	(Audited)	(Audited)	(Audited)	(Audited)
A ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	672.51	669.60	672.51	669.60
(b) Capital Work in Progress	31.03	23.36	31.03	23.36
(c) Other Intangible Assets	2.08	2.26	2.08	2.26
(d) Investment Property	--	--	1.29	1.10
(e) Financial Assets				
(i) Investments	84.27	95.25	103.39	106.60
(ii) Loans	24.70	29.62	24.70	29.62
(f) Goodwill on Consolidation	--	--	11.78	11.78
(g) Other Non-Current Assets	13.57	8.99	13.57	8.99
Sub-total - Non Current Assets	828.16	829.08	860.35	853.31
2 Current Assets				
(a) Inventories	169.44	134.57	169.44	134.57
(b) Financial Assets				
(i) Trade Receivables	80.83	79.25	81.01	79.67
(ii) Cash and cash equivalents	204.56	64.63	204.80	64.74
(iii) Bank balances other than (ii) above	120.70	245.94	121.55	246.76
(iv) Loans	--	0.62	--	0.62
(v) Others	1.15	3.56	1.20	3.63
(c) Current Tax Assets (Net)	0.64	--	0.65	--
(d) Other Current Assets	21.57	52.85	21.57	52.85
Subtotal - Current Assets	598.89	581.42	600.22	582.84
TOTAL - ASSETS	1427.05	1410.50	1460.57	1436.15
B EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity Share Capital	12.61	12.61	12.61	12.61
(b) Other Equity	985.85	855.15	1019.14	880.59
Subtotal – Equity	998.46	867.76	1031.75	893.20

Particulars	Standalone		Consolidated	
	As at 31 03 2020	As at 31 03 2019	As at 31 03 2020	As at 31 03 2019
	(Audited)	(Audited)	(Audited)	(Audited)
2 Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	6.63	51.48	6.63	51.48
(ii) Other financial liabilities	17.21	17.00	17.21	17.00
(b) Provisions	20.17	17.92	20.17	17.92
(c) Deferred Tax Liabilities(Net)	149.23	121.60	149.23	121.60
(d) Other Non-Current liabilities	2.19	3.29	2.19	3.29
Sub-total - Non Current Liabilities	195.43	211.29	195.43	211.29
3 Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables				
I. Dues to Micro, Small and Medium Enterprise (MSME)	3.66	21.50	3.66	21.50
II. Other than MSME Dues	191.33	237.02	191.34	237.04
(ii) Other financial liabilities	26.83	62.99	27.05	63.20
(b) Other current liabilities	5.35	5.10	5.35	5.10
(c) Provisions	4.59	3.69	4.59	3.69
(d) Current Tax Liabilities	1.40	1.15	1.40	1.13
Sub-total – Current Liabilities	233.16	331.45	233.39	331.66
TOTAL – EQUITY AND LIABILITIES	1427.05	1410.50	1460.57	1436.15

CASH FLOW STATEMENT:

(₹ crores)

Particulars	Standalone		Consolidated	
	Year ended		Year ended	
	31 03 2020	31 03 2019	31 03 2020	31 03 2019
	(Audited)	(Audited)	(Audited)	(Audited)
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax	248.82	271.31	248.48	271.10
Adjustments for : Add / (Less)				
Assets Discarded	0.09	0.13	0.09	0.13
Depreciation	35.83	33.78	35.86	33.82
Allowance for Doubtful debts	0.96	--	0.96	--
Finance charge on lease liability	0.05	--	0.05	--
Imputed Finance Charge on Interest Free Sales Tax Deferral Loan	1.10	1.34	1.10	1.34
Interest and financing charges	5.74	12.47	5.74	12.47
Interest income from Term Deposits	(-) 17.05	(-) 12.57	(-) 17.11	(-) 12.63
Income from Investments	(-) 1.02	(-) 0.82	(-) 0.55	(-) 0.58
Re-measurement of Defined benefit plan	(-) 1.30	(-) 0.04	(-) 1.30	(-) 0.04
Deferred income arising from government grant	(-) 1.10	(-) 1.10	(-) 1.10	(-) 1.10
Interest income from Lease Deposit	(-) 0.01	--	(-) 0.01	--
Profit / Loss on sale of assets	0.03	--	0.03	--
Operating profit before Working Capital changes	272.14	304.50	272.24	304.51
(Increase) / Decrease in working capital:				
(Increase) / Decrease in Inventories	(-) 34.87	23.21	(-) 34.87	23.21
(Increase) / Decrease in Sundry Debtors	(-) 2.54	27.20	(-) 2.30	27.19
(Increase) / Decrease in Other Assets	33.95	(-) 44.04	33.97	(-) 44.04
Increase / (Decrease) in Liabilities and Provisions	(-) 57.03	19.02	(-) 57.03	19.02
Income Tax paid	(-) 45.56	(-) 57.07	(-) 45.60	(-) 57.13
NET CASH FROM OPERATING ACTIVITIES	166.09	272.82	166.41	272.76
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(-) 45.67	(-) 29.73	(-) 45.89	(-) 29.73
Outflow towards "Right to Use" Assets	(-) 0.25	--	(-) 0.25	--
Value of Discarded Assets	(-) 0.09	(-) 0.13	(-) 0.09	(-) 0.13
Sale of Property, Plant and Equipment	0.14	0.20	0.14	0.20
Income from Investments	1.02	0.82	1.02	0.82
Sale of Investments	--	0.71	--	0.71
Interest income from Term Deposits	17.05	12.57	17.11	12.63
Income from Inter Corporate Deposit	0.10	0.05	0.10	0.05
Inter Corporate Deposit	0.60	(-) 0.60	0.60	(-) 0.60
NET CASH USED IN INVESTING ACTIVITIES	(-) 27.10	(-) 16.11	(-) 27.26	(-) 16.05

(₹ crores)

Particulars	Standalone		Consolidated	
	Year ended		Year ended	
	31 03 2020	31 03 2019	31 03 2020	31 03 2019
	(Audited)	(Audited)	(Audited)	(Audited)
C CASH FLOW FROM FINANCING ACTIVITIES				
Increase / decrease in Unsecured Loans	(-) 3.10	(-) 3.88	(-) 3.10	(-) 3.88
Increase / Decrease of non-current borrowings	(-) 85.20	(-) 49.94	(-) 85.20	(-) 49.94
Dividend and Dividend tax paid	(-) 30.41	(-) 22.81	(-) 30.41	(-) 22.81
Interest and financing charges paid	(-) 5.59	(-) 12.39	(-) 5.59	(-) 12.39
NET CASH USED IN FINANCING ACTIVITIES	(-) 124.30	(-) 89.02	(-) 124.30	(-) 89.02
Net increase in cash and cash equivalents (I)	14.69	167.69	14.85	167.69
Cash and cash equivalents as at the beginning of the period (II)	310.57	142.88	311.50	143.81
Cash and cash equivalents as at the end of the period (I + II)	325.26	310.57	326.35	311.50

Notes:

- Paper is the only reportable segment of operation of the Company.
- Earnings Per Share (EPS) for current and previous periods are recalculated, as per the new Face Value of ₹ 2 per Share, consequent to the sub-division of Equity Shares.
- The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, receivables and other current assets. The Company has performed sensitivity analysis on the assumptions used and based on current estimates, expects the carrying amount of these assets will be recovered.
- The figures for the 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.
- 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 29, 2020 and May 30, 2020.
- The Board of Directors has recommended payment of Dividend of ₹ 3.50 plus a Diamond Jubilee Special Dividend of ₹ 0.50. totaling to a Dividend of ₹ 4.0 per Equity Share of ₹ 2.00 each for the financial year 2019-20.

(By Order of the Board)

FOR SESHASAYEE PAPER AND BOARDS LIMITED

Place : Erode
Date : May 30, 2020

N GOPALARATNAM
Chairman