



THE SOUTH INDIA PAPER MILLS LIMITED

Regd. Office & Factory: Chikkayana Chatra, Nanjangud - 571 302, Karnataka State, India
Corporate & Marketing Office: # 1205/1206, Prestige Meridian II, M.G. Road, Bangalore - 560 001.

Ref: Stock- Ex/Reg 34(1)/ 2016/

4793

30.09.2016

BSE Limited

25th Floor, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Tel: (022) 2272 1233/34

Dear Sir,

Sub: Submission of Annual Report for FY 2015-16
Scrip Code : 516108

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing the soft copy of the Annual Report for the FY 2015-16.

The said Report has been duly approved and adopted by the Members in the 57th Annual General Meeting of the Company held on 15th September 2016 at the Registered Office of the Company at Chikkayanachatra, Nanjangud 571302, Karnataka State.

Kindly take the same on your records.

Thanking you,

Yours faithfully
For **THE SOUTH INDIA PAPER MILLS LTD**


B Ravi Holla
CFO

Encl: as above

SIPM

CIN (Corporate Identity No.) L85110KA1959PLC001352
FACTORY : PHONE: (91) (08221) 228264-67, 228765, 228898. FAX: (91) (08221) 228270, 228263
CORPORATE : PHONE: (91) (080) 41123605 FAX: (91) (080) 41512508
E-mail: marketing@sipaper.com Grams: PAPERMILLS Website : www.sipaper.com

THE SOUTH INDIA PAPER MILLS LIMITED

57th
ANNUAL REPORT
2015-16



SIPM

BOARD OF DIRECTORS

Mr. Manish M. Patel, B.E., M.B.A., Chairman & Managing Director

Mr. Dineshchandra C. Patel, Bar-At-Law

Mr. Jagdish M. Patel, D.M.E

Mr. S.R. Chandrasekara Setty, B.Com., FCA, ACS

Mr. M.G. Mohan Kumar, B.Sc., LLB, FCA, Licentiate ICSI

Mr. Ajay D. Patel, B.E., M.B.A

Mr. N. S. Kishore Kumar, B.Sc., MBA, CAIIB

Mr. Jitendra A. Patel, Diploma in Paper Technology (Sweden)

Mrs. Girija Shankar, BA, LLB

COMPANY SECRETARY

Ms. Vidya Bhat

AUDITORS

M/s B. S. Ravikumar & Associates

Chartered Accountants

Mysuru

INTERNAL AUDITOR

M/s Rau & Nathan

Mysuru

BANKERS

Vijaya Bank, Nanjangud

IDBI Bank Ltd., Bangalore

REGISTRARS & SHARE TRANSFER AGENTS

M/s Karvy Computershare Pvt. Ltd.,

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

Nanakramguda, Serilingampally

Hyderabad – 500032 Telangana

Ph: (040) 6716 2222

REGISTERED OFFICE & MILL

Chikkayanachatra, Nanjangud - 571 302 Karnataka

Phone: (08221) 228265, 228267, 228266 Fax: (08221) 228270

Website: www.sipaper.com

E-Mails: corporate@sipaper.com, marketing@sipaper.com

Corporate Identity Number: (CIN)-L85110KA1959PLC001352

CORPORATE & MARKETING OFFICE

#1205/1206, Prestige Meridian II, M.G. Road, Bengaluru - 560 001

Phone: (080) 41123605-06 Fax: (080) 41512508.

DIRECTORS' REPORT

To

The Members

Your Directors have the pleasure to present the 57th Annual Report of the Company along with the audited accounts for the year ended 31st March, 2016.

WORKING RESULTS	2015-16	2014-15
Finished Production of Paper & Paperboards	56,268 MTs (₹ In Lacs)	49,058 MTs (₹ In Lacs)
Gross Sales	21,899.17	19,674.95
Net Sales excl Excise Duty	20,661.87	18,537.92
FINANCIAL RESULTS:		
Operating Profit	3,626.01	3,002.71
Less : Finance costs	165.04	181.55
Gross (Cash) Profit	3,460.97	2,821.16
Less : Depreciation	797.43	750.98
Profit before exceptional items and Tax	2,663.54	2,070.18
Exceptional items	821.57	-
Profit before tax	3,485.11	2,070.18
Less : Provision for Tax:		
Current Tax Expense	752.96	664.50
Deferred Tax Expense	333.02	49.95
MAT Credit Entitlement	(12.54)	-
Profit after tax for the year	2,411.67	1,355.73
Less : Income tax of earlier years	2.68	2.67
Net Profit after Tax	2,408.99	1,353.06
Add : Balance Surplus brought forward from the previous year	8,506.50	7,604.78
	10,915.49	8,957.84
APPROPRIATIONS:		
Proposed Dividend @ 30% (Previous year 25%)	(450.00)	(375.00)
Provision for Dividend Tax	(91.61)	(76.34)
Balance Surplus carried forward	10,373.88	8,506.50

OPERATIONS

Gross sales for the financial year 2015-16 increased to ₹ 218.99 crores as against ₹196.75 crores in the previous year. Operation at the Paper Mill was higher by about 14.7% during the year.

With the increase in volumes, combined with better operating efficiency, profitability improved.

Printing & Packaging Division operated with increased volumes & the Conversion tonnage was up by 7.3%.

Operating profit improved to ₹ 3,626 lacs from ₹ 3,003 lacs, owing to above factors. After making a



57th Annual Report 2015-2016

depreciation provision of ₹ 797 lacs(Previous year ₹ 751 lacs), profit before exceptional items & tax was ₹ 2,663 lacs (Previous year ₹ 2,070 lacs).Exceptional items (net) being non recurring nature contributed ₹ 822 lakhs. PBT after exceptional items increased to ₹ 3,485 lacs (₹ 2,070 lacs). After making a provision for tax of ₹ 1,076 lacs (₹ 717 lacs in the previous year),net profit increased from ₹ 1,353 lacs to ₹ 2,409 lacs.

FINANCES

During the year, cash flow & liquidity remained comfortable.

Sources of funds	₹ in lacs	Deployment of funds	₹ in lacs
Cash flow from operating activities	3,582	Repayment of Term Loans	125
Interest Income	44	Deferred Payt Credit–Installments paid	232
Term Loan drawn from Bank	1,057	Finance Cost	165
Increase in Bank Borrowings	506	Income tax Paid	822
Exceptional items (net)	822	Dividend & Dividend Tax	446
Decrease in working capital	202	Capital Expenditure & Advances	5,275
Deferred Payment credit	852		
Total	7,065	Total	7,065

	31.03.16	31.03.15
Long Term Debt to Equity Ratio	0.15	0.05
Current Ratio	1.44	2.04

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

CREDIT RATING

ICRA has assigned a long term rating of [ICRA]BBB+ with a stable outlook and a short term rating of [ICRA]A2+ to the Company's line of credit.

CURRENT PROSPECTS

With the implementation of Co-gen facility consisting of 50tph CFBC Boiler, Steam Turbine of 11 MW capacity, Electro Static Precipitator (ESP) in FY 2015-16, new Transmission line of 66KV is under implementation to bring down the overall energy cost. The market conditions for paper continue to be extremely competitive with additional supply from new capacities. Demand is expected to grow in line with growth projected for Indian economy. The bright spot in the horizon is the internal demand from the Printing & Packaging Division, which is seeing an encouraging response from box consuming Brand owners. Your management perceives an opportunity for growth by enhancing its box manufacturing capacity with a new



plant at another location. Various site options are under evaluation. An increase in paper making capacity through brown-field improvements to support the higher conversion capacity planned is seen as the way forward. Priority is given for increase in Co-generation facility, with improved efficiency, to bring down the unit cost of energy substantially.

Overall Turnover and operating profit is expected to be better in the current year, with improvement over the last year.

CAPITAL EXPENDITURE PLANS

The Company is planning the upgradation / modernising /balancing of the existing paper machines with focus on quality & higher grades to sustain in the competitive situation. Capital expenditure is planned for enhancing the box manufacturing capacity, conserving water resources & ETP facility & a new 66KV transmission line for Power evacuation. Adding box manufacturing capacity with a new plant at another location is under active consideration of your management.

This will be financed through debt & internal accruals, to obtain optimum returns. Large capital expenditure, and substantial capacity increase is under consideration and will be taken up after completing above capex, at the opportune time.

CORPORATE GOVERNANCE

Securities & Exchange Board of India (SEBI) in order to improve the standard of Corporate Governance has introduced certain amendments in the Listing Agreements/ Regulations with the Stock exchanges. Same have been complied with & a report on this is attached.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required by Section 134(5) of the Companies Act 2013, we state that :

While preparing the Annual Accounts, the Company has followed the applicable Accounting Standards;

The Directors have selected such accounting policies and applied them consistently and has made judgements and estimates that are reasonable and prudent, so as to give true and fair view of the state of affairs of the Company as at 31-3-2016 & of the profit of the Company for the financial year 2015-16.

The Directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



57th Annual Report 2015-2016

The Directors have prepared the annual accounts on a going concern basis.

The Directors have laid down internal financial controls to be followed by the Company and the controls are adequate and operating effectively.

The Directors have devised proper systems to ensure compliance with the provisions of all the applicable laws and these systems are adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

The Company has no transactions with related parties other than remuneration to related parties. The details are furnished as an annexure in Form AOC-2.

MATERIAL CHANGES & COMMITMENTS

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

There was no material changes and commitments in the business operations of the Company since the close of the financial year as on 31st March 2016 to the date of this report.

ISO 9001 CERTIFICATION

Company's Quality Management Systems (QMS) have been audited by Bureau Veritas Certification India Pvt Ltd and ISO 9001: 2008 Certification is awarded to the Printing & Packaging Division of the Company. This Certification issued from May 2012 was valid for a period of 3 years, upto 17-05-2015. Re-certification audit is done & certificate valid for 3 years upto 17-5-2018 is issued.

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION

The Company received FSC Certificate under standards of FSC - STD-40 003 V2-1, FSC-STD-40 004 V2-1 & FSC - STD - 40 007 V2-0 for its product group. This is an assurance of environmental protection by providing sufficient documentary controls and traceability throughout the chain of custody. This certification means company is capable of manufacturing FSC recycled and FSC mixed products.

RESEARCH & DEVELOPMENT

Several special application grades have been developed & successfully introduced during the year to cater to stringent customer specific requirements.

ENERGY CONSERVATION MEASURES

The particulars required under Section 134 (3) (m) of the Companies Act, 2013 with regard to energy conservation measures are furnished in the Annexure.

ENVIRONMENTAL PROTECTION

Your company has always endeavoured to remain in harmony with its eco-sphere and tried to equitably balance the interest of all stakeholders in it, often going beyond the statutory impositions placed by regulatory authorities. In such efforts are included the installation of a 0.5 acre hold tank and a 2 km delivery pipeline for irrigating otherwise dry lands. The treated effluent water is utilized for irrigation purposes in the nearby fields of third party farmers with excellent crop yields.



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



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

The Company has engaged the expert services of University of Agricultural Sciences, Gandhi Krishi Vigyana Kendra, Bangalore for a study of 'Utilisation of Paper Mill Effluent for Agricultural Purpose'.

DIVIDENDS

Your Directors recommend a Dividend of 30% i.e. ₹ 3.00 per equity share of ₹ 10 each (last year 25% i.e. ₹ 2.50 per share). The total distribution including dividend tax amounts to ₹ 541.61 lacs (₹ 451.34 lacs).

PARTICULARS OF EMPLOYEES

Particulars of employees as prescribed under the Companies Act, 2013 are annexed.

EXTRACT OF ANNUAL RETURN

The Extract of Annual Return in Form MGT 9 is attached and forms a part of this Annual Report.

57th Annual Report 2015-2016

MANAGERIAL REMUNERATION

Requisite details as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is annexed herewith and forms a part of this Annual report

MEETINGS OF THE BOARD

The number of meetings of the Board held and details thereof are mentioned in the Report on Corporate Governance forming a part of this Annual Report.

WHISTLE BLOWER POLICY

In deference to Section 177 (9) of the Act, read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Listing Regulations, the Company has established a vigil mechanism overseen by the Audit Committee. The Company has formed Whistle Blower policy as required under the Companies Act 2013 and Listing Regulations and no personnel has been denied access to the Audit Committee.

RISK MANAGEMENT

The Company has a risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimise adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

The Board of Directors have constituted a Risk Management Committee as required under Listing Regulation vide Board Meeting held on 27.01.2015, to frame, implement and monitor the risk management plan of the Company. The Committee comprises of the following Directors.

Mr Manish M Patel - Chairman

Mr M G Mohan Kumar - Member

Mr S R Chandrasekara Setty - Member

The terms of reference of risk management committee include review of Risk management policy and its development within the Company, to monitor the effectiveness of risk management policy, review major risks of the Company and to advice on mitigation to the Board.

LABOUR RELATIONS

The industrial relations climate in the Company during the year was generally cordial and harmonious. Long term settlement for a period of 4 years, signed with the Workers' Union was in force upto 31-3-2016. Negotiation for a 4 year agreement has commenced.

DIRECTORS

In terms of Section 152 of the Companies Act, 2013 Mr Jitendra A Patel (DIN 00248302)retires by rotation and he, being eligible, offers himself for reappointment. Your Directors recommend his reappointment.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors under Section 149(7) of the Companies Act 2013, in respect of meeting the criteria of independence as provided under Section 149(6) of the Act.

BOARD EVALUATION

The Board of Directors have carried out an annual evaluation of its performance, Board Committees and Individual Directors pursuant to the provisions of the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has recorded overall satisfaction.

In a separate meeting of Independent Directors held on 28-03-2016, the performance of Non Independent Directors, Board as a whole and the performance of the Chairman was evaluated. They have expressed overall satisfaction on such evaluation

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Company's Policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) is annexed hereto and forms part of this Annual Report.

Criteria for performance evaluation of Independent Directors' as required by the Listing Regulations also forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted a Corporate Social Responsibility Committee as mandated by Section 135 of the Companies Act 2013 vide Board Meeting held on 27.01.2015.

The broad terms of reference of the CSR Committee are as under:

- Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company.
- Recommending the amount of expenditure to be incurred on the aforesaid activities and;
- Reviewing and Monitoring the CSR Policy of the company from time to time.

Company has planned for following CSR projects for the benefit of villagers in the villages around the factory:

- i) Chlorination plant for drinking water for Chikkayana chatra & Banchalli hundi villages.
- ii) Sewage Treatment Plant for the 3 villages Chikkayana chatra, Thandavapura & Banchalli hundi.

Reasons for not spending on CSR activities during the financial year.

Land finalization for the project is awaited from Gram Panchayath. Amount could not be spent pending finalisation of land by Gram Panchayath. On finalizing the above, Company will be spending on the project. If the Gram Panchayath finalization is not received within reasonable time, company will be spending on other CSR Activities.

A report on CSR Activities is annexed herewith and forms a part of the Director's Report.

57th Annual Report 2015-2016

APPOINTMENT OF KEY MANAGERIAL PERSONNEL

Mr N S Hegde, Company Secretary of the Company resigned from the post of Company Secretary w.e.f 29-10-2015. The Board of Directors have taken this on record. The Board of Directors at their meeting held on 29-10-2015 appointed Ms Vidya Bhat as the Company Secretary of the Company w.e.f 29-10-2015.

AUDITORS

There are no adverse comments by the auditors in their report annexed herewith.

The Auditors M/s B S Ravikumar & Associates have been appointed as statutory auditors of the Company till the conclusion of 58th Annual General Meeting of the Company, subject to ratification by members at every AGM. Accordingly requisite resolution for ratifying their appointment is proposed in the notice.

SECRETARIAL AUDIT

Pursuant to Section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr S N Hitaish Kumar, Practicing Company Secretary (C P No. 6553), to conduct the Secretarial Audit of the Company for Financial Year 2015-16. The Secretarial Audit Report in Form MR 3 is annexed.

There are no qualifications in the Secretarial Audit Report.

INTERNAL AUDITOR

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed M/s Rau and Nathan, Chartered Accountants (Firm Regn. No.003178S), Mysore, to conduct Internal Audit of the functions and activities of the Company for Financial Year 2015-16.

COST AUDIT

Company's products are not notified for Cost Audit in FY 2015-16.

APPRECIATION

Your Directors take this opportunity to place on record their appreciation for services rendered by the employees, sales agents, Banks & Financial Institutions.

for and on behalf of the Board of Directors

Bengaluru
26th May, 2016

Manish M. Patel
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

i) Industry Structure & Developments :

The Indian Paper Industry has been historically segmented on a three dimensional matrix identified by size, grades manufactured and raw materials utilised. Government policies on indirect taxation rates applicable to output have relied on this segmentation. Generally, tariff rates have protected smaller units utilising “unconventional” raw material. Over the years, the growth of various segments, investment levels in specific segments, technological changes, industry fragmentation and intensity of competition have been significantly influenced by the Government’s tariff policy.

Over 600 players currently populate the industry and the estimated output across all grades is about 12 million metric tonnes per annum (MTPA). The three broad segments of the market are Writing and Printing Grades (Cultural), Packaging Grades (Industrial) and Newsprint.

The “Industrial” Segment of the paper market broadly comprises of Corrugated Case Materials, (CCM) and Duplex Boards -white lined and coated or uncoated. Fragmentation is severe in this segment which constitutes about 50% of the total output of Paper & Board. This segment entirely relies upon “unconventional” raw material such as waste paper (imported and domestically sourced) and, to a limited extent, on agricultural residues. The average size of units in this segment is now about 15,000 MTPA and most units cater to local area demand from small semi-auto corrugated box factories and small printers. Although the other segments in the Indian paper industry are also fragmented by international standards, the degree of fragmentation is less severe.

Historically, the bulk of the output of “Cultural” grades - comprising of writing, printing, office stationery paper and speciality paper has been the preserve of the larger producers, who use forest based raw materials in integrated pulping facilities augmented by imported market pulp. This segment has been consistently taxed at higher rates due to its size and use of “conventional” forest based raw material. Investment in plant for these players has also been higher. With a relatively smaller number of players and high import tariff protection, prices of end products, generally perceived to be of higher quality, have been high. “Lower end cultural grades” manufactured by smaller players using unconventional raw materials in low investment, low-tech plants cater to consumers in the price sensitive sub-segment of this market. This sub segment has historically depended heavily on the tariff differential based on size and raw material for its viability. Some of the mid-sized players in the writing and printing segment are in the process of expansion and modernization and are installing wider/faster machines with full fledged de-inking plants to produce the higher quality that is increasingly preferred and for which consumers are willing to pay more. Several of the “large-integrated” forest based producers have also recently increased forest based pulping capacities. The cultural paper segment contributes about 40% of the annual paper and paperboard production with a current demand growth rate of about 6 to 7% per annum. The high investment levels required and limited “conventional” fiber resources are the major deterrents to growth in this segment for both existing players as well as new entrants.

The Indian Paper industry which ranks 11th in production, globally, in recent times has registered faster growth rates of about 7%. The domestic demand is expected to grow at about 6 to 7% p.a. Paper industry plays an important role in the socio-economic development of the country.

Despite several infrastructural impediments there is a strong growth in demand in several sub-segments of the Indian Paper Industry. There is perceptible shift in preference for higher quality products in both the Industrial and Cultural

57th Annual Report 2015-2016

Segments and players with the right grade-quality mix are seeing opportunities for profitable growth. As per our assessment, most of the dominant players in each industry segment are operating near to capacity and one can expect a round of capacity additions which will however be circumscribed by factors peculiar to individual units such as the ability to raise funds cost effectively, availability of raw material and low cost energy.

ii) Opportunities & threats:

The Indian Government's policy for the paper industry lacks perspective. It is necessary that the Government come up with a clear policy on pulpwood plantations that can benefit the paper industry in terms of introducing more virgin fiber into the fiber basket. In the face of fierce global competition, sustenance of industry with only agro-based raw materials and recycled fiber will be very difficult to achieve. The Government also needs to create a more conducive atmosphere for investment into this sector.

In the medium term, much of the growth in the packaging segment of the Industry is expected to be based on recycling of waste paper. This is already the trend in China. Indian paper companies in the packaging segment are also expected to fuel their near to medium term growth through waste paper imports from regions of surplus such as North America and Europe. Large Chinese producers have set up their own sourcing networks in these regions to supply their huge capacity additions; they possess relative buying strengths and constitute a cost threat to that extent. Over time, however, as domestic capacities stabilize and domestic collection improves, a larger proportion is expected to be sourced domestically with the fiber basket being upgraded by pulp imports. The strength of any firm in this industry is however expected to come from a presence throughout the supply chain from raw material to packaging production and delivery.

Whilst this is a capital-intensive industry, the current structure of depreciation tax shields, finance (interest) costs and relatively short-term repayment horizons places severe limitations on fresh investments.

This phenomenon has effectively increased the project cost on expansion and new green-field investments. At the same time, the continuous reduction of import tariffs keeps margins under pressure.

The absence of large-scale investments and green field projects in a rapidly growing economy with one of the lowest per capita paper consumption rates is testimony to this situation.

iii) Segment wise or product wise performance:

Segment wise revenue, results and capital employed are furnished for i) Paper & Paper products and ii) Power, in the notes on accounts.

iv) Outlook:

Growth rate of the Indian economy was about 7.6% in 2015-16 as against 7.2% in 2014-15.

Most forecasts for growth in paper industry for 2016 -17 are between 6% and 7%. The depreciating Indian Rupee, inflation and high interest rates have to some extent weakened consumer confidence and consumer purchasing power.

Innovative cost containment and cost cutting will be required by paper mills to not only maintain business volumes but to capture a larger portion of a slowly growing pie.

GST (Goods & Service Tax) proposed to be introduced, is expected to replace the existing multiple indirect taxes, removing barriers to movement of goods & services, improving the efficiency & the GDP.

v) Risks and Concerns:

New, large scale manufacturing capacities are being created in several down-stream industries such as electronic goods, white goods, cell phones and fast moving consumer goods. These industries that have been seeing a year-on-year growth of 8 to 10% are expected to also slow but not as much as the general slowdown in the economy.

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

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

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

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

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

vi) Internal Control Systems:

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

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

Gross sales for the financial year 2015-16 stood at ₹ 218.99 crores as against ₹ 196.75 crores in the previous year. Operation at the Paper Mill was higher by about 14.7% during the year.

With the increase in volumes, combined with better operating efficiency, profitability improved.

Printing & Packaging Division operated with increased volumes & the Conversion tonnage was up by 7.3%.

The co-generation system is working satisfactorily and is delivering the desired output.

57th Annual Report 2015-2016

Operating profit improved to ₹ 3,626 lacs from ₹ 3,003 lacs, owing to above factors. After making a depreciation provision of ₹ 797 lacs (Previous year 751 lacs), profit before exceptional items & tax was ₹ 2,663 lacs (Previous year ₹ 2,070 lacs). Exceptional items (net) being non recurring nature contributed ₹ 822 lakhs. PBT after exceptional items increased to ₹ 3,485 lacs (₹ 2,070 lacs). After making a provision for tax of ₹ 1,076 lacs (₹ 717 lacs in the previous year), net profit increased from ₹ 1,353 lacs to ₹ 2,409 lacs.

viii) Material developments in Human Resources/Industrial Relations front:

The industrial relations climate in the Company during the year was generally cordial and harmonious. Long term settlement for a period of 4 years, signed with the Workers' Union was in force upto 31-3-2016. Negotiation for a 4 year agreement has commenced.

The focus of HR activities is on employee involvement in operations of the company for effective results.

Efforts are being directed at building a strong management team oriented to entrepreneurial thinking and innovation in problem solving.

As on 31st March 2016, the Company had on its rolls, 375 employees consisting of 240 workmen and 135 technical/ supervisory/ Administrative staff in different locations.

ANNEXURE TO THE DIRECTOR'S REPORT COMPANY'S POLICY ON APPOINTMENT AND RENUMERATION

APPOINTMENT POLICY

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on industry and strategy of the Company. The appointment policy for Independent Directors, Key Managerial Personnel & Senior Executives will be as under:

(A) Independent Directors:

Independent Directors will be appointed based on the criteria mentioned under Section 149(6) of the Companies Act, 2013 and in accordance with other applicable provisions of the Companies Act, 2013, rules made thereunder & Listing Agreement entered with Stock Exchange.

(B) Key Managerial Personnel (KMP):

KMP will be appointed by the resolution of the board of directors of the company, based on the qualification, experience and exposure in the prescribed fields. Removal of the KMP will also be done by the Resolution of the Board of Directors of the Company. Appointment/Removal will be in accordance with provisions of the Companies Act, 2013, rules made thereunder & Listing Agreement entered with Stock Exchange.

(C) Senior Executives:

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

CRITERIA FOR NON EXECUTIVE DIRECTOR'S APPOINTMENT

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

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

REMUNERATION POLICY

The Company has adopted a Remuneration Policy for the Directors, KMP and other employees, pursuant to the provisions of the Act and Clause 49 of the Listing Agreement.

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

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

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

57th Annual Report 2015-2016

- (iii) Remuneration paid should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.
- (iv) The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.

The Nomination and Remuneration Committee will recommend to the Board the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee Meetings, individual contributions at the meetings and contributions made by Directors other than in meetings.

REMUNERATION FOR MANAGING DIRECTOR (MD) / KEY MANAGERIAL PERSONNEL (KMP)/ REST OF THE EMPLOYEES

- (i) The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements.
- (ii) Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings. The Company also provides all employees with a social security net subject to limits, by providing Insurance cover and accidental death etc. The Company provides retirement benefits as applicable.
- (iii) In addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD is based on performance as evaluated by the Nomination and Remuneration Committee and approved by the Board.

PERFORMANCE EVALUATION CRITERIA OF INDEPENDENT DIRECTORS

- (1) Attending Board/Committee Meetings.
- (2) Going through the agenda papers and providing inputs in the meetings of Board/ Committees.
- (3) Guidance to the Company from time to time on the various issues brought to their notice.
- (4) Discharge of duties as per Schedule IV of the Companies Act, 2013 and compliance to other requirements of the said Act or other regulatory requirements.

Place : Bengaluru
Date : 26th May, 2016

For and on behalf of the Board of Directors
Manish M Patel
Chairman & Managing Director

Form No MGT -9
EXTRACT OF ANNUAL RETURN

As on Financial Year ended 31-03-2016

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

I REGISTRATION AND OTHER DETAILS:

(i) CIN	L85110KA1959PLC001352
(ii) Registration Date	06.06.1959
(iii) Name of the Company	THE SOUTH INDIA PAPER MILLS LIMITED
(iv) Category/ Sub category of the Company	Indian Non Government Company, Company Limited by shares
(v) Address of the Registered office and Contact details	THE SOUTH INDIA PAPER MILLS LIMITED Chikkayanachatra Nanjangud - 571302, Karnataka
(vi) Whether listed Company	Yes
(vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT LTD Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally Hyderabad - 500 032

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI No.	Name and description of the main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Manufacture of Kraft Paper	1701	45.84%
2	Manufacture of corrugated paper & paperboard and containers of paper and paper board	1702	50.81%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE:- NOT APPLICABLE

SI No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1					
		NOT APPLICABLE			
2					

57th
Annual Report
2015-2016

IV SHARE HOLDING PATTERN (Equity Share Capital Break up percentage of Total Equity)

(i) Category wise share holding

	Category of shareholders	No of shares held at the beginning of the year 01.04.2015				No of shares held at the end of the year 31.03.2016				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
	A Promoters									
	1) Indian									
a)	Individual /HUF	2695242	1755284	4450526	29.67	2784693	1675297	4459990	29.73	0.06
b)	Central Govt.	0	0	0	0	0	0	0	0	0
c)	State Govt(s)	0	0	0	0	0	0	0	0	0
d)	Bodies Corp	0	0	0	0	0	0	0	0	0
e)	Banks / FI	0	0	0	0	0	0	0	0	0
f)	Any other	0	0	0	0	0	0	0	0	0
	Sub Total (A)(1)	2695242	1755284	4450526	29.67	2784693	1675297	4459990	29.73	0.06
	2) Foreign									
a)	NRI's - Individuals	0	2206120	2206120	14.71	0	2206120	2206120	14.71	0
b)	Other - Individuals	0	0	0	0	0	0	0	0	0
c)	Bodies Corp	0	0	0	0	0	0	0	0	0
d)	Banks / FI	0	0	0	0	0	0	0	0	0
e)	Any other	0	0	0	0	0	0	0	0	0
	Sub Total (A)(2)	0	2206120	2206120	14.71	0	2206120	2206120	14.71	0
	Total shareholding of Promoters (A) = (A)(1)+(A)(2)	2695242	3961404	6656646	44.38	2784693	3881417	6666110	44.44	0.06
	B Public Shareholding									
	1 Institutions									
(a)	Mutual Funds	0	1200	1200	0.01	0	1200	1200	0.01	0
(b)	Banks / FI	250000	12000	262000	1.75	250000	12000	262000	1.75	0
(c)	Central Govt.	0	0	0	0	0	0	0	0	0
(d)	State Govt(s)	0	0	0	0	0	0	0	0	0
(e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f)	Insurance Companies	0	0	0	0	0	0	0	0	0
(g)	FII's	0	4000	4000	0.03	0	4000	4000	0.03	0
(h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0

	Category of shareholders	No of shares held at the beginning of the year 01.04.2015				No of shares held at the end of the year 31.03.2016				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(i)	Others (specify)	0	0	0	0	0	0	0	0	0
	Sub Total (B)(1)	250000	17200	267200	1.79	250000	17200	267200	1.78	0
2	Non Institutions									
a)	Bodies Corporate									
	(i) Indian	353574	42900	396474	2.64	503501	42900	546401	3.64	1.00
	(ii) Overseas	0	0	0	0	0	0	0	0	0.00
b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto Rs 1 lakh	1211694	759124	1970818	13.14	1433306	774524	2207830	14.72	1.58
	(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	5123789	270740	5394529	35.96	4688945	240340	4929285	32.86	-3.10
c)	Others (Specify)									
	(i) Clearing Members	9744	0	9744	0.06	555	0	555	0.00	-0.06
	(ii) Non Resident Indians	46878	135400	182278	1.22	73828	121000	194828	1.30	0.08
	(iii) Trust / Welfare Fund	0	38000	38000	0.25	0	38000	38000	0.25	0.00
	(iv) HUF	84311	0	84311	0.56	149791	0	149791	1.00	0.44
	Sub Total (B)(2)	6829990	1246164	8076154	53.83	6849926	1216764	8066690	53.78	-0.06
	Total public shareholding (B) = (B)(1) + (B)(2)	7079990	1263364	8343354	55.62	7099926	1233964	8333890	55.56	-0.06
C	Shares held by custodian for GDR's and ADR's	0	0	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	9775232	5224768	15000000	100.00	9884619	5115381	15000000	100.00	0.00

57th
Annual Report
2015-2016

(ii) Shareholding of promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the year 31.03.2016			% change in share-holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Jitendra Ambalal Patel	747520	4.98	0	747520	4.98	0	0.00
2	Upendra A. Patel	668000	4.45	0	668000	4.45	0	0.00
3	Rameshchandra C. Patel	567000	3.78	0	567000	3.78	0	0.00
4	Dineshchandra C. Patel	520043	3.47	0	520043	3.47	0	0.00
5	Prafulchandra C. Patel	567000	3.78	0	567000	3.78	0	0.00
6	Amit S. Patel	326352	2.18	0	327952	2.19	0	0.01
7	Sanjay S. Patel	326348	2.18	0	320048	2.13	0	-0.04
8	Ajay D. Patel	332752	2.22	0	332752	2.22	0	0.00
9	Ansuyaben M. Patel	284400	1.90	0	284400	1.90	0	0.00
10	Manish M. Patel	218252	1.46	0	218252	1.46	0	0.00
11	Arnav M. Patel	190140	1.27	0	190140	1.27	0	0.00
12	Shishir P. Patel	180020	1.20	0	180020	1.20	0	0.00
13	Meeta Virat Patel	171000	1.14	0	171000	1.14	0	0.00
14	Urmilaben M. Patel	143560	0.96	0	143560	0.96	0	0.00
15	Mrudulaben P. Patel	143560	0.96	0	143560	0.96	0	0.00
16	Manjulaben A. Patel	143560	0.96	0	143560	0.96	0	0.00
17	Snehlata D. Desai	117000	0.78	0	117000	0.78	0	0.00
18	Arunaben N. Patel	117000	0.78	0	117000	0.78	0	0.00
19	Ranjanben S. Patel	107144	0.71	0	107144	0.71	0	0.00
20	Aparna R. Patel	75852	0.51	0	75852	0.51	0	0.00
21	Preeti R. Patel	75848	0.51	0	75848	0.51	0	0.00
22	Sandhya J. Patel	73344	0.49	0	73344	0.49	0	0.00
23	Sejal U. Patel	64072	0.43	0	64072	0.43	0	0.00
24	Paulum U. Patel	64072	0.43	0	64072	0.43	0	0.00

SI No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the year 31.03.2016			% change in share-holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
25	Vandhana Manish Patel	58391	0.39	0	58391	0.39	0	0.00
26	Jyotiben Ramesh Patel	57144	0.38	0	57144	0.38	0	0.00
27	Beena Ankit Patel	56700	0.38	0	56700	0.38	0	0.00
28	Reena Sachin Patel	49100	0.33	0	49100	0.33	0	0.00
29	Rahul Devendra Desai	39600	0.26	0	39600	0.26	0	0.00
30	Avani Shamit Patel	49500	0.33	0	49500	0.33	0	0.00
31	Alpana S. Patel	33800	0.23	0	47964	0.32	0	0.09
32	Sheilaja Dipam Patel	28572	0.19	0	28572	0.19	0	0.00
33	Vatsala U. Patel	20400	0.14	0	20400	0.14	0	0.00
34	Rohan Nareshbhai Patel	19800	0.13	0	19800	0.13	0	0.00
35	Deepan Nareshbhai Patel	19800	0.13	0	19800	0.13	0	0.00
	Total	6656646	44.38	0	6666110	44.44	0	0.06

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

SI No.	Name	Shareholding at the beginning of the year 01.04.2015		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Sanjay S Patel At the beginning of the year 29.01.2016 - Sale Closing Balance as on 31.03.2016	326348 -6300	2.18 -0.04	326348 320048 320048	2.18 2.13 2.13
2	Alpana Suresh Patel At the beginning of the year 31.12.2015 - Purchase Closing Balance as on 31.03.2016	33800 14164	0.23 0.09	33800 47964 47964	0.23 0.32 0.32
3	Amit S Patel At the beginning of the year 31.12.2015 - Purchase Closing Balance as on 31.03.2016	326352 1600	2.18 0.01	326352 327952 327952	2.18 2.19 2.19

57th
Annual Report
2015-2016

(iv) Shareholding pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

SI No.	Names	Shareholding at the beginning of the year 01.04.2015		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Anil Kumar Goel At the beginning of the year At the end of the year 31.03.2016	900000	6.00	900000	6.00
2	Seema Goel At the beginning of the year At the end of the year 31.03.2016	570000	3.80	570000	3.80
3	Yamini M Patel At the beginning of the year 14.08.2015 - Sale 21.08.2015 - Sale 16.10.2015 - Sale 23.10.2015 - Sale 04.12.2015 - Sale 18.12.2015 - Sale At the end of the year 31.03.2016	491130 -1050 -4272 -1500 -4000 -6000 -3000	3.27 -0.01 -0.03 -0.01 -0.03 -0.04 -0.02	491130 490080 485808 484308 480308 474308 471308 471308	3.27 3.27 3.24 3.23 3.20 3.16 3.14 3.14
4	Naina Rajendrabhai Patel At the beginning of the year At the end of the year 31.03.2016	358000	2.39	358000	2.39
5	Shetal S Patel At the beginning of the year 30.06.2015 - Purchase At the end of the year 31.03.2016	220038 4000	1.47 0.03	220038 224038 224038	1.47 1.49 1.49
6	Urmilaben Jagdishbhai Patel At the beginning of the year 27.11.2015 - Sale 04.12.2015 - Sale 11.12.2015 - Purchase 18.12.2015 - Purchase 25.12.2015 - Purchase 22.01.2016 - Purchase At the end of the year 31.03.2016	200000 -1000 -3700 835 1190 977 1000	1.33 -0.01 -0.02 0.01 0.01 0.01 0.01	200000 199000 195300 196135 197325 198302 199302 199302	1.33 1.33 1.30 1.31 1.32 1.32 1.33 1.33
7	K S I I D C At the beginning of the year At the end of the year 31.03.2016	190000	1.27	190000	1.27
8	Jagdishbhai Mafatbhai Patel At the beginning of the year At the end of the year 31.03.2016	146400	0.98	146400	0.98

Sl No.	Names	Shareholding at the beginning of the year 01.04.2015		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	Ojas Consulting Pvt Ltd				
	At the beginning of the year	145578	0.97	145578	0.97
	04.09.2015 - Purchase	5175	0.03	150753	1.01
	18.09.2015 - Purchase	1000	0.01	151753	1.01
	25.09.2015 -Purchase	7000	0.05	158753	1.06
	09.10.2015 - Purchase	5267	0.04	164020	1.09
	23.10.2015 - Purchase	19000	0.13	183020	1.22
	30.10.2015 - Purchase	6000	0.04	189020	1.26
	06.11.2015 - Purchase	20210	0.13	209230	1.39
	13.11.2015 - Purchase	2000	0.01	211230	1.41
	20.11.2015 - Purchase	2000	0.01	213230	1.42
	04.12.2015 - Purchase	7008	0.05	220238	1.47
	At the end of the year 31.03.2016			220238	1.47
10	Sonal M Patel***				
	At the beginning of the year	128650	0.86		
	At the end of the year 31.03.2016			128650	0.86
11	Deepak Ghanshyam Ladha*				
	At the beginning of the year	41300	0.28	41300	0.28
	17.04.2015 - Purchase	1650	0.01	42950	0.29
	15.05.2015 - Purchase	50	0.00	43000	0.29
	05.06.2015 - Purchase	100	0.00	43100	0.29
	12.06.2015 - Purchase	600	0.00	43700	0.29
	19.06.2015 - Purchase	320	0.00	44020	0.29
	26.06.2015 - Purchase	2100	0.01	46120	0.31
	03.07.2015 - Purchase	10	0.00	46130	0.31
	10.07.2015 - Purchase	1234	0.01	47364	0.32
	17.07.2015 - Purchase	3656	0.02	51020	0.34
	24.07.2015 - Purchase	4235	0.03	55255	0.37
	31.07.2015 - Purchase	3685	0.02	58940	0.39
	07.08.2015 - Purchase	680	0.00	59620	0.40
	14.08.2015 - Purchase	3330	0.02	62950	0.42
	21.08.2015 - Purchase	3420	0.02	66370	0.44
	28.08.2015 - Purchase	6150	0.04	72520	0.48
	04.09.2015 - Sale	-3010	-0.02	69510	0.46
	11.09.2015 - Purchase	490	0.00	70000	0.47
	18.09.2015 - Purchase	510	0.00	70510	0.47
	25.09.2015 - Purchase	5669	0.04	76179	0.51

57th
Annual Report
2015-2016

Sl No.	Names	Shareholding at the beginning of the year 01.04.2015		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	30.09.2015 - Purchase	10	0.00	76189	0.51
	09.10.2015 - Sale	-1594	-0.01	74595	0.50
	16.10.2015 - Purchase	25	0.00	74620	0.50
	23.10.2015 - Sale	-3330	-0.02	71290	0.48
	30.10.2015 - Sale	-4390	-0.03	66900	0.45
	06.11.2015 - Purchase	6540	0.04	73440	0.49
	13.11.2015 - Purchase	7169	0.05	80609	0.54
	20.11.2015 - Purchase	9173	0.06	89782	0.60
	27.11.2015 - Purchase	4218	0.03	94000	0.63
	04.12.2015 - Purchase	6451	0.04	100451	0.67
	11.12.2015 - Purchase	6446	0.04	106897	0.71
	18.12.2015 - Purchase	8613	0.06	115510	0.77
	25.12.2015 - Purchase	490	0.00	116000	0.77
	31.12.2015 - Purchase	5849	0.04	121849	0.81
	08.01.2016 - Purchase	1660	0.01	123509	0.82
	15.01.2016 - Purchase	2135	0.01	125644	0.84
	22.01.2016 - Purchase	1645	0.01	127289	0.85
	29.01.2016 - Purchase	1511	0.01	128800	0.86
	05.02.2016 - Sale	-700	0.00	128100	0.85
	12.02.2016 - Purchase	565	0.00	128665	0.86
	19.02.2016 - Purchase	120	0.00	128785	0.86
	26.02.2016 - Purchase	320	0.00	129105	0.86
	04.03.2016 - Purchase	2700	0.02	131805	0.88
	11.03.2016 - Purchase	809	0.01	132614	0.88
	18.03.2016 - Purchase	426	0.00	133040	0.89
	25.03.2016 - Purchase	660	0.00	133700	0.89
	31.03.2016 - Purchase	260	0.00	133960	0.89
	At the end of the year 31.03.2016			133960	0.89

* Not in the list of top 10 shareholders as on 01.04.2015. The same has been reflected above since the shareholder was one of the top 10 shareholder as on 31.03.2016

*** Not in the list of top 10 shareholders as on 01.04.2015. The same has been reflected above since the shareholder was one of the top 10 shareholder

During the year and ceased to be top 10 shareholder as on 31.03.2016

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Names	Shareholding at the beginning of the year 01.04.2015		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr Manish M Patel - MD At the beginning of the year At the end of the year 31.03.2016	218252	1.46	218252	1.46
2	Mr Dineshchandra C Patel-Director At the beginning of the year At the end of the year 31.03.2016	520043	3.47	520043	3.47
3	Mr Jagdish M Patel-Director At the beginning of the year At the end of the year 31.03.2016	146400	0.98	146400	0.98
4	Mr M G Mohan Kumar-Director At the beginning of the year At the end of the year 31.03.2016	3200	0.02	3200	0.02
5	Mr S R Chandrasekara Setty-Director At the beginning of the year At the end of the year 31.03.2016	2000	0.01	2000	0.01
6	Mr Ajay D Patel-Director At the beginning of the year At the end of the year 31.03.2016	332752	2.22	332752	2.22
7	Mr N S Kishore Kumar-Director At the beginning of the year At the end of the year 31.03.2016	6400	0.04	6400	0.04
8	Mr Jitendra A Patel-Director At the beginning of the year At the end of the year 31.03.2016	747520	4.98	747520	4.98
9	Mrs Girija Shankar-Director At the beginning of the year At the end of the year 31.03.2016	NIL	NIL	NIL	NIL
10	Mr B Ravi Holla-CFO At the beginning of the year At the end of the year 31.03.2016	800	0.005	800	0.005
11	Ms Vidya Bhat * At the beginning of the year At the end of the year 31.03.2016	NIL	NIL	NIL	NIL

* Appointed as Company Secretary on 29th October 2015.

57th
Annual Report
2015-2016

V INDEBTEDNESS

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

	Secured Loan excluding deposits (₹)	Unsecured Loans / Deferred Credit Liability (₹)	Deposits (₹)	Total Indebtedness (₹)
Indebtedness at the beginning of the financial year 01.04.2015				
(i) Principal Amount	15,46,32,326	2,73,04,200	-	18,19,36,526
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	19,363	-	-	19,363
Total (i)+(ii)+(iii)	15,46,51,689	2,73,04,200	-	18,19,55,889
Change in Indebtedness during the financial year				
Addition	16,80,43,477	8,50,97,942	-	25,31,41,419
Reduction	2,37,01,983	2,31,58,308	-	4,68,60,291
Net Change	14,43,41,494	6,19,39,634	-	20,62,81,128
Indebtedness at the end of the financial year 31.03.2016				
(i) Principal Amount	29,83,88,922	8,92,43,834	-	38,76,32,756
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	6,04,261	-	-	6,04,261
Total (i)+(ii)+(iii)	29,89,93,183	8,92,43,834	-	38,82,37,017

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole Time Director and /or Manager :**

Sl No.	Particulars of Remuneration	Mr Manish M Patel MD & CEO (₹)
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	1,02,58,221 58,346 -
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as a percentage of profit - others, specify..	74,01,750 -
5	Others - (Non Taxable)	1,57,106
	Total (A)	1,78,75,423
	Ceiling as per the Act	1,78,75,423

B Remuneration to other Directors

Sl No.	Particulars of Remuneration	Name of Directors						Total Amount ₹
		Mr. M G Mohan Kumar ₹	Mr. S R Chandrasekara Setty ₹	Mr. N S Kishore Kumar ₹	Mr. Jagdish M Patel ₹	Mrs. Girija Shankar ₹	Total Amount ₹	
(i)	Independent Directors Fee for attending Board / Committee meetings	80,000	80,000	30,000	70,000	35,000	2,95,000	
(ii)	Commission	4,62,610	4,62,609	4,62,609	4,62,610	4,62,609	23,13,047	
(iii)	Others, please specify	-	-	-	-	-	-	
	Total (1)	5,42,610	5,42,609	4,92,609	5,32,610	4,97,609	26,08,047	
	Other Non executive directors	Mr Dineshchandra C Patel ₹	Mr Ajay D Patel ₹	Mr Jitendra A Patel ₹	Total Amount ₹			
(i)	Fee for attending Board / Committee meetings	25,000	25,000	35,000	85,000			
(ii)	Commission	4,62,610	4,62,609	4,62,609	13,87,828			
(iii)	Others, please specify	-	-	-	-			
	Total(2)	4,87,610	4,87,609	4,97,609	14,72,828			
	Total (B) = (1+2)				40,80,875			
	Total Managerial Remuneration (A+B)				2,19,56,298			
	Overall Ceiling as per the Act				2,19,56,298			

C. Remuneration to Key Managerial Personnel Other than MD/ MANAGER/WTD

Sl No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Company Secretary - Mr. N S Hegde ₹	Company Secretary - Ms. Vidya Bhat ₹	CFO - Mr B. Ravi Holla ₹	Total
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	87,500	1,35,703	11,92,985	14,16,188
	(b) Value of Perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as a percentage of profit	-	-	-	-	-
	- others, specify.	-	-	-	-	-
5	Others - (Non Taxable)	-	-	9,116	36,600	45,716
	Total	-	87,500	1,44,819	12,29,585	14,61,904

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - NA-

Type	Section of Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS			NOT APPLICABLE		
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

57th
Annual Report
2015-2016

FORM NO. AOC - 2

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

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

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

(a) Name(s) of the related party and nature of relationship

There are no transactions with the related parties, other than remuneration to following Key Managerial Personnel:

Mr Manish M Patel - Chairman & Managing Director – Key Managerial Personnel

Mrs Vandhana M Patel - Wife of Key Managerial Personnel

Mr B Ravi Holla – CFO - Key Managerial Personnel

Mr N S Hegde – Company Secretary –Key Managerial Personnel (ceased to be Company Secretary of the Company w.e.f 29-10-2015)

Ms Vidya Bhat – Company Secretary – Key Managerial Personnel (w.e.f 29-10-2015)

(b) Nature of contracts / arrangements / transactions :

Details of transactions with the above related parties are provided in Note No. 36 to the Accounts for the Financial year 2015-16.

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 2015-16 and hence, none of them are material in nature.

Hence, the details required in paras (c) to (e) to be furnished in respect of material related party transactions are not applicable and hence not furnished.

(f) Amount paid as advances, if any. NIL

For and on behalf of the Board Directors

Place : Bengaluru

Date : 26.05.2016

Manish M Patel
Chairman & Managing Director

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

Information as per Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules 2014 and forming part of the Directors' Report for the year ended 31st March, 2016.

A) CONSERVATION OF ENERGY

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

1. Steps taken/ impact on conservation of energy:

- i) The Company generates steam for process requirements as well as power generation by Fluidised Bed Combustion (FBC) Boilers, which are energy efficient.
- ii) The Company continues to phase out high energy consuming devices especially in the areas of stock refining vacuum systems and pumping systems to incorporate modern equipment.
- iii) Static inverter drives have been installed for boilers, ID/FD fans and for all the rewinders to reduce energy consumption.
- iv) Variable frequency drives have been installed on all the fan pumps of the new machine. This allows a continuous saving of energy at varying process conditions.
- v) Paper Machines line shaft drives modified to AC variable / DC drives, resulting in energy savings.
- vi) High Capacity Motors are provided with soft starters which contribute about 5% savings compared to conventional starters.
- vii) Installation of capacitor banks to optimize power factor and other energy saving devices.
- viii) Recycling of back water in new machine, to conserve fresh water.
- ix) Modification of turbine to enhance power generation, and tuning up the equipment to increase the efficiency.
- x) Construction of fuel shed, for storing fuel items in good condition, resulted in reduced wastage & energy savings
- xi) Replaced old press section in Machine No.1 with higher nip load press part resulting in saving in steam consumption.
- xii) Replaced boiler air pre-heaters and economizer coils resulting in improved boiler working efficiency.
- xiii) Installed water flow meter at relevant lines to monitor and control the water consumption resulting in saving of fresh water and pumping energy.
- xiv) Boiler cooling water collected in a tank and fed to cooling tower which result in saving of fresh water and pumping energy.
- xv) Micro Travel Showers introduced on all machines to conserve fresh water consumption and pumping energy.
- xvi) PM-4 line shaft main motor replaced with VFD
- xvii) Factory Pump house motor provided with VFD with Auto pressure monitoring

57th Annual Report 2015-2016

- xviii) The existing AFBC Boiler is replaced with new CFBC Boiler with higher efficiency
- xix) The New boiler is equipped with variable frequency drives for all motors
- xx) Replaced the existing 7.8MW Triveni make turbine with High efficient Siemens make turbine.
- xxi) Energy meter is installed in all HT feeders
- xxii) Installed VFD for cooling water pump
- xxiii) Replaced new coal handling system with better coal crusher system with less dust emission
- xxiv) All the cooling system water is connected to cooling tower thereby reducing the cooling tower water consumption.

IMPACT OF ABOVE MEASURES:

The above measures have resulted in reduced consumption of energy & consequent favourable impact on cost of production of goods.

2) Steps taken by the Company for utilizing alternate sources of energy

Company is using biomass fuel in the Co-generation system.

3) Capital Investment on energy conservation equipments

CFBC Boiler of 50 TPH capacity, steam turbine of 11MW aggregating to Rs. 37.16 cr. incurred in Financial Year 2015-16.

B. TECHNOLOGY ABSORPTION

Particulars in respect of this is NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2015-16 ₹	2014-15 ₹
Total Foreign exchange used :		
a Raw Materials	35,03,38,866	45,42,71,029
b Stores, Spares, Consumables	86,71,856	34,17,636
c Capital Goods	5,77,90,187	3,81,16,941
d Professional Fees	11,190	-
e Travelling Expenses	5,34,193	13,25,378
	41,73,46,291	49,71,30,984
Total Foreign exchange earned :	27,96,576	72,61,962

DISCLOSURE UNDER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

(A) Statement of particulars of Remuneration as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 and forming part of the Directors' Report for the year ended 31st March, 2016

SI No.	Description		
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year. <i>Note: Chairman & Managing Director is the only whole time Director and others are Non whole Time Directors who are paid sitting fees for attending Board/ Committee Meetings & Commission on net profits of the Company. Hence ratio is provided only for Whole Time Director.</i>	Chairman & Managing Director	71:1
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive officer, Company Secretary or Manager, if any, for the financial year	Chairman & Managing Director CFO Company Secretary	68% 19% 55%
3	The percentage increase in the median remuneration of employees in the financial year		10%
4	The number of permanent employees on the rolls of the Company		375
5	The explanation on the relationship between average increase in remuneration and Company performance <i>Note: There is no direct co-relation, as the remuneration levels and periodic increases are determined in the normal course and in line with industry norms.</i>	Increase in Average Salary Increase in PAT	20% 78%
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	KMP Salary increase Increase in PAT	63% 78%
7	Variations in the market capitalisation of the Company, price earnings ratio as on the closing date of the current financial year and previous financial year and the percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate of which the Company came out with the last public offer in case of listed companies, and in case of unlisted Companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year	Market Capitalisation as on 31.03.2016 (BSE) Market Capitalisation as on 31.03.2015 (BSE) Variation in market capitalisation Price earning ratio based on BSE Quotes 31.03.2016 31.03.2015 Variation in P/E ratio The Company has not made any public offer in the recent past and accordingly comparison of public offer price and current market price of the Company's shares will not be relevant	Rs.147 Crores Rs. 99 Crores Rs. 48 Crores 6.10 7.32 -1.22

57th
Annual Report
2015-2016

SI No.	Description		
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration <i>Note: Remuneration levels and periodic increases are determined in the normal course and are as per negotiation/approval</i>	Average increase in the salary of employees other than managerial persons Managerial Remuneration	14% 63%
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	Chairman & Managing Director CFO Company Secretary Increase in PAT	68% 19% 55% 78%
10	The key parameters for any variable component of remuneration availed by the Directors	Whole Time Director : Commission equal to 2% of the net profits of the Company subject to overall remuneration of 5% of net profits of the Company Non Whole time Directors Commission equal to 1% of the net profits of the Company	
11	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	NIL. There is no such employee being paid higher than the highest paid Director	
12	Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration is as per the remuneration policy of the Company	

B Statement of Particulars of employees pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2016

Sl. No.	Name, Age & Qualification	Designation, Commencement of employment & Experience	Remuneration received (Rs.)	Particulars of last Employment
1	2	3	4	5
(1)	Manish M.Patel, 57, B.E.Hons. (ChE), M.B.A.	Managing Director from 20/5/04 10-09-1985(30)	1,78,75,423	Executive, Personal Banking Division Comerica Inc., Detroit, MI, USA.

Note : The appointment is contractual. Other terms and conditions are as per rules and regulations of service in force from time to time. Gross remuneration comprises of salary, monetary value of perquisites, commission payable to Whole-time Directors on net profits & the Company's contribution to provident fund & super annuation fund.

For and on behalf of the Board

Place : Bengaluru
Dated : 26th May, 2016

Manish M Patel
Chairman & Managing Director

57th Annual Report 2015-2016

REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES(CSR) FOR THE FINANCIAL YEAR 2015-16

(Information as per Section 135 of the Companies Act, 2013 and Companies (CSR Policy) Rules 2014

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

The company is consistently taking up various community welfare initiatives for the benefit of the people living in neighbouring villages. The Company's CSR activity mainly covers areas situated around the factory premises.

In accordance with the requirements under the Companies Act, 2013, SIPM CSR activities, amongst others, will focus on:

RURAL DEVELOPMENT PROJECTS: Strengthening rural areas by improving accessibility, drinking water, sanitation, power and livelihoods, thereby creating sustainable villages.

ENVIRONMENTAL SUSTAINABILITY: Ensuring environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintaining the quality of soil, air and water.

The CSR Policy is posted on the website of the Company : www.sipaper.com

2. Composition of CSR Committee
 - (i) Mr Manish M Patel - Chairman
 - (ii) Mr M G Mohan Kumar – Member (Independent Director)
 - (iii) Mr S R Chandrasekara Setty - Member (Independent Director)
3. Average net profit of the Company for the last 3 financial years : Rs 1,496.18 lakhs
4. Prescribed CSR expenditure (2% of the amount as in Item 3 above) Rs 29.92 lakhs
5. Details of CSR spent during the Financial year
 - (a) Total amount to be spent for the financial year : Rs 29.92 lakhs
 - (b) Amount unspent, if any : Rs 29.92 lakhs

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

1	2	3	4	5	6	7	8
Sl No.	CSR Project or activity identified	Section in which the project is covered	Project or programs	Amount outlay (budget)	Amount spent on projects Sub Heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Directly or through implementing agency
			(1) Local Area or other				
			(2) Specify the State and district where the projects or programs was undertaken				
			NIL		NIL		

6. In case the Company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's report

Company has planned for following CSR projects for the benefit of villagers in the villages around the factory : i) Chlorination plant for drinking water for Chikkayana chatra & Banchalli hundi villages.
ii) Sewage Treatment Plant for the 3 villages Chikkayana chatra, Thandavapura & Banchalli hundi.

Land finalization for the project is awaited from Gram Panchayath. Amount could not be spent pending finalization of land by Gram Panchayath. On finalizing the above, Company will be spending on the project . If the Gram Panchayath finalization is not received within a reasonable time, Company will be spending on other CSR Activities.

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

The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Manish M Patel

Chairman of CSR Committee

Bengaluru
26th May 2016

57th Annual Report 2015-2016

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that 'Ethics' is the key word for sustained growth. The Company has continuously endeavoured to uphold transparency, accountability and compliance in all business practices and to have better rapport with the customers, suppliers, Government, shareholders and the society, in general. We are committed to being on the path to progress.

2. BOARD OF DIRECTORS

The Board of Directors of the company comprised of 9 Directors as on 31.03.2016.

Names of Directors	Category
Mr. Manish M. Patel	Chairman & Managing Director
Mr. Dineshchandra C. Patel	Non Executive Director
Mr. Jagdish M. Patel	Independent, Non Executive Director
Mr. M.G. Mohan Kumar	Independent, Non Executive Director
Mr. S.R.Chandrasekara Setty	Independent, Non Executive Director
Mr. Ajay D. Patel	Non Executive Director
Mr. N.S. Kishore Kumar	Independent, Non Executive Director
Mr. Jitendra A Patel	Non Executive Director
Mrs. Girija Shankar	Independent, Non Executive Director

The Company has an Executive Chairman & Managing Director. The other 8 Directors, out of the total strength of 9, are non- executive Directors. 50% of the Board consists of Independent & Non Executive Directors.

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

Board Meeting Dates are furnished below

- 28th May 2015
- 30th July 2015
- 29th October 2015
- 28th January 2016

Attendance of each Director at the Board Meeting and last Annual General Meeting:

Name of Director	No. of Board Meetings Attended	Attendance at the last AGM held on 10 th September, 2015
Mr. Manish M. Patel	4	Yes
Mr. Dineshchandra C. Patel	3	No
Mr. Jagdish M. Patel	4	No
Mr. M.G. Mohan Kumar	4	Yes
Mr. S.R. Chandrasekara Setty	4	Yes
Mr. Ajay D. Patel	3	No
Mr. N S Kishore Kumar	3	No
Mr. Jitendra A Patel	4	No
Mrs. Girija Shankar	4	Yes

Mr. D. C. Patel and Mr Ajay D. Patel are related inter- se.

Number of other company boards or board committees in which each of the Directors of the Company is a member or chairman

Name of Director	No. of other Companies in which Director	No. of Committees (other than SIPM Ltd.) in which member/Chairman
Mr. Manish M. Patel	4	4 (including 3 as Chairman)
Mr. Dineshchandra C. Patel	1	-
Mr. Jagdish M. Patel	-	-
Mr. M.G. Mohan Kumar	8	1 (as Chairman)
Mr. S.R. Chandrasekara Setty	-	-
Mr. Ajay D. Patel	4	-
Mr. N S Kishore Kumar	-	-
Mr. Jitendra A Patel	2	-
Mrs. Girija Shankar	-	-

3. AUDIT COMMITTEE

The broad terms of reference of the Audit Committee are to review

- The financial performance of the Company
- Statutory payments and institutional dues
- Capital expenditure
- Policies of purchase and sale of raw materials, finished goods etc.
- Other areas enumerated in Listing Agreement / Regulations and Companies Act 2013

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

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

Name	No. of meetings attended
Mr. M.G. Mohan Kumar-Chairman	4
Mr.S.R. Chandrasekara Setty –Joint Chairman	4
Mr. Jagdish M Patel	4

The Audit Committee met four times in the financial Year 2015-2016 on

- 28th May 2015
- 30th July 2015
- 29th October 2015
- 28th January 2016

4. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee was constituted vide Board Meeting held on 30th May, 2009 to review the remuneration package of Chairman & Managing Director and to recommend to the Board.

The role of the Committee also includes formulation of criteria for determining the qualification, attributes of Independence of Director, recommending to the Board the remuneration policy for Directors and Key Managerial Personnel, formulation of criteria for evaluation of Independent Directors.

57th Annual Report 2015-2016

The Nomination & Remuneration Committee comprises of the following Directors

Name

1. Mr. M.G. Mohan Kumar-Chairman
2. Mr.S.R. Chandrasekara Setty
3. Mr. Jagdish M Patel

Meeting Details: 1 meeting was held during the Financial year 2015-16 on 29th Oct 2015 and it was attended by all the members.

REMUNERATION TO NON WHOLETIME DIRECTORS

Non-Whole Time Directors are paid sitting fees and commission not exceeding 1% (aggregate for all Non-Whole Time Directors) of the net profit of the Company as per Section 197 of the Companies Act 2013, approved by the shareholders resolution on 10-09-2015 for a period of 5 years. The commission shall be shared among the Non-Whole Time Directors equally and in proportion to the period of holding directorship in that financial year.

Name of Director	Sitting Fees (₹) (Board /Committee Meetings)	Commission (₹)	Total (₹)
Mr. Dineshchandra C Patel	25,000	4,62,610	4,87,610
Mr. Jagdish M Patel	70,000	4,62,610	5,32,610
Mr. M G Mohan Kumar	80,000	4,62,610	5,42,610
Mr. S R Chandrasekara Setty	80,000	4,62,609	5,42,609
Mr. Ajay D Patel	25,000	4,62,609	4,87,609
Mr. N S Kishore Kumar	30,000	4,62,609	4,92,609
Mr. Jitendra A Patel	35,000	4,62,609	4,97,609
Mrs. Girija Shankar	35,000	4,62,609	4,97,609
Total	3,80,000	37,00,875	40,80, 875

REMUNERATION TO CHAIRMAN and MANAGING DIRECTOR / WHOLE TIME DIRECTORS

Mr Manish M Patel, Chairman & Managing Director of the Company is the only Whole time Director. No sitting fees is paid to him. Remuneration to Chairman & Managing Director within the ceiling prescribed under the Companies Act, is approved by the Remuneration Committee and Board of Directors and further approved by the members of Company in General Meeting by special resolution. Remuneration paid/ provided to Mr. Manish M Patel for 2015-2016, is as follows:

	₹
Salary	90,00,000
Perquisites	13,52,073
Commission on net profits of the Company	74,01,750
Contribution to Provident Fund	21,600
Contribution to Super Annuation Fund	1,00,000
Total	1,78,75,423

5. STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee operates in terms of the provisions related thereto in the Listing Agreements of the Stock Exchanges and/or the provisions as prescribed or as may be prescribed in this regard by the Companies Act, 2013.

The Committee met 14 times during the year.

The Committee comprises of the following Directors and their attendance particulars during 2015-16 are as follows:

Name	No. of Meetings attended
Mr. M.G. Mohan Kumar – Chairman	14
Mr. S R Chandrasekara Setty	14

The members of the aforesaid Committee have been delegated authority by the Board of Directors, inter alia, to approve transfer and transmission of shares, issue of new share certificates on account of certificates lost, defaced and to look into the redressal of share holders / investor complaints like non-receipt of balance sheet, non-receipt of declared dividends, etc.

During the year under review, all transfers lodged with the Company have been registered and share certificates returned to shareholders within the time frame set by the relevant provisions under the Companies Act, 2013.

- Name & designation of compliance officer : Ms Vidya Bhat, Company Secretary from 29th Oct 2015
Mr N S Hegde, Company Secretary from 26-4-07 upto 29th October, 2015
- No. of shareholders complaints Received during 2015-2016 : Relating to Non credit of Demat shares/dividend/Bonus share certificate/ Share certificates after transfer, aggregating to 10. All 10 were resolved.
- No. of complaints not solved to the satisfaction of shareholders : Nil
- No. of pending complaints as on 31st March 2016 : Nil

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR Committee)

The Company has constituted a Corporate Social Responsibility Committee as mandated by Section 135 of the Companies Act 2013 vide Board Meeting held on 27.01.2015. The Committee comprises of the following Directors.

Mr Manish M Patel - Chairman

Mr M G Mohan Kumar - Member

Mr S R Chandrasekara Setty - Member

The broad terms of reference of the CSR Committee are as under:

- Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company.
- Recommending the amount of expenditure to be incurred on the aforesaid activities and;
- Reviewing and Monitoring the CSR Policy of the company from time to time.

Meeting Details: 1 meeting was held during the Financial year 2015-16 on 28th January, 2016 and it was attended by all the members.

57th Annual Report 2015-2016

7. GENERAL BODY MEETING

The details of last three Annual General Meetings of the Company are as under.

Financial Year	Date & Time	Venue	Special resolutions passed
2012-13	19 th September, 2013 at 3.00 p.m	The South India Paper Mills Ltd. Chikkayanachatra Nanjangud - 571302, Karnataka	Approval for increase in remuneration of Mr Manish M Patel, Managing Director & Reappointment of Mr Manish M Patel as the Managing Director of the Company for the period of 5 years
2013-14	25 th September, 2014 at 3.00 p.m	-do-	No special resolution was passed
2014-15	10 th September, 2015 at 3.30 p.m	-do-	Approval for commission payable to Non Whole-time Directors for a period of 5 years

There were no items in the Agenda requiring voting by Postal Ballot.

8. DISCLOSURES

Related Party Transactions:

Shareholdings of Directors of the Company as on 31st March 2016.

Sl. No.	Name of Director	Share Holding	
		No. of Shares	% of Holding
1	Mr. Manish M Patel	2,18,252	1.46%
2	Mr. Dineshchandra C Patel	5,20,043	3.47%
3	Mr. Jagdish M Patel	1,46,400	0.98%
4	Mr. M G Mohan Kumar	3,200	0.02%
5	Mr. S R Chandrasekara Setty	2,000	0.01%
6	Mr. Ajay D Patel	3,32,752	2.22%
7	Mr. N S Kishore Kumar	6,400	0.04%
8	Mr. Jitendra A Patel	7,47,520	4.98%
9	Mrs. Girija Shankar	NIL	NIL

There were no transactions of material nature with its promoters, the Directors or the management, or their relatives, etc. that may have potential conflict with the interests of the Company at large.

Company's policy on dealing with related party transactions is available on the Company's website www.sipaper.com.

Details of familiarization programme imparted to Independent Directors is placed on the website www.sipaper.com.

There was no instance of non-compliance by the Company nor have any penalties, strictures been imposed on them by Stock Exchanges or SEBI or any other statutory authority during the last three years on any matter related to Capital Markets.

Code of Conduct:

The Board has formulated a code of conduct for Board members and Senior Management of the Company. All Board members and senior management personnel have affirmed their compliance with the Code.

CEO/CFO Certification:

CEO/CFO Certification by Mr. Manish M.Patel, Chairman and Managing Director and Mr. B.Ravi Holla, CFO, as stipulated by Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, was placed before the Board of Directors at its meeting held on 26th May 2016.

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. The Company has framed a Whistle Blower policy as required under the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and no personnel has been denied access to the Audit Committee

Risk Management

The Company has a risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimise adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

The Board of Directors have constituted a Risk Management Committee as required under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 vide Board Meeting held on 27.01.2015 to frame, implement and monitor the risk management plan of the Company. The Committee comprises of the following Directors.

Mr Manish M Patel - Chairman

Mr M G Mohan Kumar – Member

Mr S R Chandrasekara Setty – Member

The terms of reference of risk management committee include review of Risk management policy and its development within the Company, to monitor the effectiveness of risk management policy, review major risks of the Company and to advice on mitigation to the Board.

Meeting details : 1 meeting was held during the Financial year 2015-16 on 28th January, 2016 and it was attended by all the members.

Compliance with Mandatory & Non mandatory requirements:

Company complies with all the mandatory requirements of Corporate Governance contained in the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015. Non mandatory requirements, in the opinion of the Board, have no material bearing on the current standards of Corporate Governance and hence will be addressed as appropriate, in future.

9. MEANS OF COMMUNICATION

The unaudited quarterly, half yearly & yearly results are sent to the Stock Exchange(s) where the shares of the Company are listed. The results are generally published in Business Standard and Samyukta Karnataka. The Results are also displayed on the Company's website www.sipaper.com.

The Management Discussion and Analysis is a part of this Annual report.

57th Annual Report 2015-2016

10. GENERAL SHAREHOLDER INFORMATION:

- AGM-Date, time and Venue 15th September, 2016 at 3.30 P.M.
At Chikkayanachatra,
Nanjangud-571 302.
- Financial Calendar April 1,2016 to March 31,2017
First Quarter Results Last week of July 2016
Second Quarter Results Last week of October 2016
Third Quarter Results Last week of January 2017
Audited Results for 2016-17 Last week of May 2017
First quarter Results of 2017-18 Last week of July 2017
Annual General Meeting September 2017
- Date of Book Closure 01/09/2016 to 20/09/2016
- Dividend payment date Before 30th September 2016
- Listing on Stock Exchanges BSE Limited, MUMBAI
Listing fees for 2016-2017 has been paid to the above Stock Exchange
- Stock Code The Bombay Stock Exchange (Code 516108)
- ISIN No. ISIN No. allotted for Company's equity shares
is INE 088G01014 under Demat System and is
activated at both CDSL & NSDL.
- Market price data & Stock Performance in comparison to BSE sensex.

Monthwise Market Prices Data – High, Low & Volume during 2015-2016

Date	High (₹)	Low (₹)	No. of Shares	BSE Sensex	
				High	Low
April 2015	72.35	64.00	70,171	29,095	26,898
May 2015	73.50	62.35	23,620	28,071	26,424
June 2015	74.75	64.15	99,890	27,969	26,307
July 2015	86.50	70.00	1,57,817	28,578	27,416
August 2015	107.40	85.05	2,96,819	28,418	25,298
September 2015	95.90	83.00	99,074	26,472	24,834
October 2015	106.00	87.00	2,32,695	27,618	26,169
November 2015	108.20	87.50	1,61,883	26,824	25,451
December 2015	120.00	98.10	1,55,799	26,256	24,868
January 2016	116.00	91.30	85,028	26,197	23,840
February 2016	117.00	88.70	1,06,635	25,002	22,495
March 2016	99.00	90.50	23,002	25,480	23,133

Registrar and Transfer Agent

The Company has appointed Common agency to handle both physical & Electronic segments of RTA work as per SEBI requirement w.e.f 1-4-2003.

Address of our Registrars & Transfer Agents

Karvy Computershare Pvt Ltd.

Karvy Selenium Tower B

Plot No. 31& 32

Gachibowli Financial District, Nanakramguda

Serilingampally, Hyderabad -500 032

● Share Transfer System

Share transfers in physical form may be lodged with the Company's Registrars whose address is provided above. The transfers are normally processed within 15 days from date receipt, if the documents are complete in all respects.

Requirements under the Listing Agreement / Listing Regulations / Statutory obligations are being followed.

● Shareholding patterns & Distribution of Shareholding:-

Shareholding pattern as on 31st March 2016			
Sl. No.	Category	No. of Shares Held	Percentage of shareholding
A	Promoters' Holding		
1	Promoters*		
	- Indian Promoters	44,59,990	29.73%
	- Foreign Promoters	22,06,120	14.71%
	Sub Total	66,66,110	44.44%
B	Non-Promoters' Holding		
2	Institutional Investors		
A	Mutual Funds & UTI	1,200	0.01%
B	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions, Non-Government Institutions.)	2,62,000	1.75%
C	FII's	4,000	0.03%
	Sub Total	2,67,200	1.78%
3	Others		
A	Private Corporate Bodies	5,46,401	3.64%
B	Indian Public	71,37,115	47.58%
C	NRIs	1,94,828	1.30%
D	Any other (please specify)		
	a) Welfare Fund / Trust	38,000	0.25%
	b) HUF	1,49,791	1.00%
	c) Clearing members	555	0.00%
	Sub Total	80,66,690	53.78%
	Grand Total	1,50,00,000	100.00%

57th Annual Report 2015-2016

Distribution of Shareholding as on 31 st March 2016				
Category	No. of Holders	%	No. of Shares	%
Upto 100 shares	703	17.72	39,286	0.26
101-200	648	16.34	1,24,616	0.83
201-500	1908	48.08	7,52,969	5.02
501-1000	235	5.92	1,90,121	1.27
1001-5000	289	7.28	6,39,056	4.26
5001-10000	56	1.41	3,99,394	2.66
10001-100000	99	2.49	37,50,628	25.00
100001 and Above	30	0.76	91,03,930	60.70
TOTAL	3968	100.00	1,50,00,000	100.00

- Dematerialisation of shares and Liquidity
Company has entered into tripartite agreement with National Securities Depository Ltd (NSDL) & Central Depository Services (India) Ltd.(CDSL). As per Stock Exchanges intimation, trading in shares of our Company is compulsory in demat form from 2nd January, 2002.
As on 31.03.2016, shareholders are holding shares in demat form and 98,84,619 shares have been dematerialized, representing 65.89% of the total equity capital.
- Outstanding GDRs/ADRs/Warrants Or any Convertible instruments
Not issued
- Plant Locations
Chikkayanachatra, Nanjangud-571 302
Thandavapura, Nanjangud - 571 302
Karnataka State, INDIA
- Address for Correspondence
Our Registrars & Transfer Agents
Karvy Computershare Pvt Ltd
Karvy Selenium Tower B
Plot No. 31& 32
Gachibowli Financial District, Nanakramguda
Serilingampally, Hyderabad -500 032
Telangana
Tel : (040) 6716 2222
E-mail : mailmanager@karvy.com
Registered Office of Company
Chikkayanachatra, Nanjangud-571 302
Karnataka State, INDIA
Tel: (08221) 228265,228266,228267
Fax : (08221) 228270
Website : www.sipaper.com
E-mail : corporate@sipaper.com
investor@sipaper.com
(for investor grievance redressal)

Declaration on Code of Conduct : As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board Members and the Senior Management Executives/ Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2016.

For and on behalf of the Board

Bengaluru

Dated: 26th May, 2016

Manish M Patel

Chairman & Managing Director

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

The South India Paper Mills Limited

Nanjangud

We have examined the compliance of conditions of Corporate Governance by **The South India Paper Mills Limited**, (“Company”) for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI (LODR) Regulations”).

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 / SEBI (LODR) Regulations, as applicable.

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.

for **B S RAVIKUMAR & ASSOCIATES**

Chartered Accountants

Firm Registration No. 006101S

B S RAVIKUMAR

Partner

M No.010218

Date : 26th May, 2016

57th
Annual Report
2015-2016

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2016
[pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
The South India Paper Mills Limited,
CIN L85110KA1959PLC001352
Chikkayana Chatra
Nanjangud – 571 302

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The South India Paper Mills Limited** (hereinafter referred to as “Company”). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 (“Audit Period”), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced to me for my verification, for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [*Not applicable since there were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the Audit Period*];
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’): -
 - a) The Securities and Exchange board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May 2015);
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [*Not applicable as the Company has not issued any further share capital during the Audit period*];
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [*Not applicable since there are no Employee Stock Option Scheme, Employee Stock Purchase Scheme, General Employee Benefit Scheme, stock appreciation rights scheme etc., during the Audit Period*];
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [*Not applicable since the Company has not issued any Debt Securities during the Audit Period*];
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009 [*Not applicable since there was no delisting of Equity Shares during the Audit Period*]; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [*Not applicable since there was no Buyback of Securities during the Audit Period*];

- (vi) The Management has identified the following laws as specifically applicable to the Company:
- (a) The Electricity Act, 2003
 - (b) National Tariff Policy

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India which were effective from 1st July 2015;
- (ii) The Listing Agreement entered into by the Company with BSE Ltd. and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective from 1st December 2015;

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned above.

I further report that:

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

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

Majority decision is carried through and there were no dissenting members views as per the minutes recorded and produced to us for my verification.

I 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.

I further report that during the Audit period there were no instances of any specific events or actions having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., referred to above.

Bengaluru,
26th May, 2016

CS Hitaish Kumar S N
FCS No.6564
C P No.:6553

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

Annexure to Secretarial Audit Report for the Financial Year Ended 31st March 2016 of The South India Paper Mills Limited

1. It is the responsibility of the Management of the Company to maintain secretarial records, devise proper systems and processes to ensure the compliance of the various statutory requirements and Governance systems and to ensure that the systems and processes devised are operating effectively.
2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances based on my audit.
3. I believe that audit evidence and information obtained from the Company's Management is adequate and appropriate for me to provide a basis for my opinion. The verification was done on test basis to ensure correctness of facts reflected in the records.
4. I have obtained the Management representation about the Compliance of Laws, Rules and Regulations and occurrence of events, wherever required. The Compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the Management. My examination was limited to the verification of procedure on test basis.

Bengaluru,
26th May, 2016

CS Hitaish Kumar S N
FCS No.6564
C P No.:6553

57th
Annual Report
2015-2016

INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENT OF THE SOUTH INDIA PAPER MILLS LIMITED

**To the Members of
THE SOUTH INDIA PAPER MILLS LIMITED
NANJANGUD**

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of **THE SOUTH INDIA PAPER MILLS LIMITED** (“the Company”) which comprises of the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure I" 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 purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the Directors as on March 31, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 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 II".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34A to the Standalone 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.

for **B S Ravikumar & Associates**
Chartered Accountants

Firm's registration number: 006101S

B.S.Ravikumar
Partner

Membership number: 010218

Place : Bengaluru
Date : 26th May, 2016

57th
Annual Report
2015-2016

“ANNEXURE I” TO THE INDEPENDENT AUDITORS’ REPORT

Annexure I referred to in clause 1 of paragraph on the ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Standalone Financial Statements of the Company for the year ended March 31, 2016:

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

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

(b) According to the practice of the Company, fixed assets are physically verified by the management at reasonable intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has confirmed that no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and the discrepancies noticed were not material.
- (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 Act.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, investments or provided guarantees and security for which the provisions of section 185 and 186 of the Act are applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits for which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder are applicable.
- (vi) We have broadly reviewed the cost accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

(b) On the basis of our examination of the documents and records, disputed statutory dues to the extent which have not been deposited with the appropriate authorities are as under:

Statute	Nature of the Dues	Amount in ₹	Period to which the amount relates (FY)	Forum where the dispute is pending
Central Excise Act, 1944 / CENVAT Credit Rules, 2004	Excise Duty	8,15,339	2008-09	CESTAT, Bangalore
	Penalty	50,000	2008-09	

Except dues stated in the above para, there are no other dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.

- (viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to the bank as at Balance Sheet date.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans raised during the year have been applied for the purpose for which they were obtained.
- (x) According to the information and explanations given to us by the management, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

for **B S Ravikumar & Associates**
Chartered Accountants
 Firm's registration number: 006101S

B.S.Ravikumar
 Partner
 Membership number: 010218

Place : Bengaluru
 Date : 26th May, 2016

57th Annual Report 2015-2016

“Annexure II” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of THE SOUTH INDIA PAPER MILLS 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 **THE SOUTH INDIA PAPER MILLS LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the 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, 2016, 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.

for **B S Ravikumar & Associates**
Chartered Accountants
Firm's registration number: 006101S

B.S.Ravikumar
Partner
Membership number: 010218

Place : Bengaluru
Date : 26th May, 2016

57th
Annual Report
2015-2016

THE SOUTH INDIA PAPER MILLS LIMITED
BALANCE SHEET AS AT 31st MARCH, 2016

PARTICULARS	Note No.	As at 31.03.2016 ₹	As at 31.03.2015 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	15,00,00,000	15,00,00,000
(b) Reserves and Surplus	3	1,12,08,47,816	93,41,10,072
		1,27,08,47,816	1,08,41,10,072
2. Non-current Liabilities			
(a) Long-term borrowings	4	14,31,87,482	4,74,99,990
(b) Deferred Tax liabilities (Net)	5	14,67,60,219	11,34,58,219
(c) Other Long term liabilities	6	6,43,64,028	2,73,00,827
(d) Long-term Provisions	7	13,96,646	12,82,577
		35,57,08,375	18,95,41,613
3. Current Liabilities			
(a) Short term borrowings	8	14,52,01,432	9,46,41,328
(b) Trade payables	9	18,26,45,024	13,10,68,180
(c) Other current liabilities	10	12,01,53,228	4,95,67,416
(d) Short term provisions	11	8,60,08,425	7,61,27,964
		53,40,08,109	35,14,04,888
TOTAL		2,16,05,64,300	1,62,50,56,573
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		1,14,29,87,777	78,50,17,759
(ii) Intangible Assets		11,58,844	15,14,937
(iii) Capital work-in-progress		15,93,60,878	2,03,56,437
(b) Non-current investments	13	-	1,000
(c) Long-term loans and advances	14	8,94,22,432	10,03,01,736
		1,39,29,29,931	90,71,91,869
2. Current Assets			
(a) Inventories	15	27,33,47,759	30,14,71,579
(b) Trade receivables	16	36,19,49,202	30,11,58,478
(c) Cash and Bank Balances	17	3,87,18,105	5,90,60,473
(d) Short-term loans and advances	18	9,11,85,393	5,42,01,980
(e) Other current assets	19	24,33,910	19,72,194
		76,76,34,369	71,78,64,704
TOTAL		2,16,05,64,300	1,62,50,56,573
Summary of significant accounting policies	1		

MANISH M. PATEL
Managing Director

M.G. MOHAN KUMAR
Director

As per our report of even date
for **B.S. RAVIKUMAR & ASSOCIATES**
Chartered Accountants
Firm Regn No. 006101S

B. RAVI HOLLA
Chief Financial Officer

VIDYA BHAT
Company Secretary

B.S. RAVIKUMAR
Partner
M No. 10218

Place : Bengaluru
Date : 26th May, 2016

THE SOUTH INDIA PAPER MILLS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

PARTICULARS	Note No.	Year ended 31.03.2016 ₹	Year ended 31.03.2015 ₹
A INCOME			
Revenue from operations:	20		
(a) Gross Sales		2,18,99,17,646	1,96,74,95,318
Less: Excise Duty		<u>12,37,29,895</u>	<u>11,37,02,819</u>
		2,06,61,87,751	1,85,37,92,499
(b) Other Operating Revenues		<u>11,87,508</u>	<u>15,63,180</u>
		2,06,73,75,259	1,85,53,55,679
Other Income	21	<u>45,64,752</u>	<u>80,25,788</u>
TOTAL A		<u>2,07,19,40,011</u>	<u>1,86,33,81,467</u>
B EXPENSES			
Cost of Materials Consumed	22	97,04,21,794	89,10,97,035
(Increase)/ Decrease in Finished Goods & Work in Progress	23	2,52,641	9,65,189
Employee Benefits Expense	24	18,16,73,480	16,23,72,680
Finance Costs	25	1,65,04,020	1,81,54,974
Other expense	26	55,69,90,630	50,86,75,347
Depreciation	12	<u>7,97,43,310</u>	<u>7,50,98,030</u>
TOTAL B		<u>1,80,55,85,875</u>	<u>1,65,63,63,255</u>
C Profit before Exceptional items and tax		26,63,54,136	20,70,18,212
Exceptional items	27	<u>8,21,57,075</u>	<u>-</u>
D Profit before tax		34,85,11,211	20,70,18,212
Tax Expense:			
(i) Current Tax Expense		7,52,96,000	6,64,50,000
(ii) Tax Expense relating to earlier years		2,68,526	2,67,500
(iii) Deferred Tax Expense		3,33,02,000	49,95,000
(iv) MAT Credit Entitlement		<u>(12,54,000)</u>	<u>-</u>
E Profit/(Loss) for the year after Tax		<u>24,08,98,685</u>	<u>13,53,05,712</u>
F Earnings per equity share:			
Basic & Diluted	28	16.06	9.02
Summary of Significant Accounting Policies	1		

MANISH M. PATEL
Managing Director

M.G. MOHAN KUMAR
Director

As per our report of even date
for **B.S. RAVIKUMAR & ASSOCIATES**
Chartered Accountants
Firm Regn No. 006101S

B. RAVI HOLLA
Chief Financial Officer

VIDYA BHAT
Company Secretary

B.S. RAVIKUMAR
Partner
M No. 10218

Place : Bengaluru
Date : 26th May, 2016

57th Annual Report 2015-16

CORPORATE INFORMATION

The South India Paper Mills Ltd is a public limited Company, incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the manufacture of Paper, Paperboards, Cartons and Power Generation. Corporate Identity No. (CIN) of the Company is L85110KA1959PLC001352. Equity Shares of the Company are listed on the BSE (Bombay Stock Exchange) in India.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenditure during the year. Examples include provisions for doubtful debts, provision for employee benefits, provision for taxation, useful lives of depreciable assets, provisions for impairment, provision for contingencies, provision for warranties / discounts etc. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ from those estimates. The effects of changes in accounting estimates are reflected in the financial statements in the period in which results are known and, if material, their effects are disclosed in the financial statements.

1.3 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. However, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is determined on a weighted average basis. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

Work-in-progress and finished goods include an appropriate proportion of freight, overheads, direct costs and excise duty (where applicable).

1.4 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.5 Cash Flow Statement

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

1.6 Depreciation & amortisation

Depreciation on fixed assets is provided on straight line method based on the following useful lives / residual values as prescribed in Part C of Schedule II of the Companies Act, 2013. Depreciation is charged on a

proportionate basis for all fixed assets purchased and sold during the year. Extra Shift Depreciation has been charged, where applicable.

Nature of Asset	Useful Life	Residual Value
Tangible Assets :		
Buildings	30 to 60 Years	Nil to 5%
Roads	5 to 10 Years	Nil to 5%
Plant & Machinery	5 to 25 Years	Nil to 5%
Furniture & Fixtures	10 Years	Nil
Vehicles – Motor Cars	8 Years	5%
Computers – Servers & Networks	6 Years	Nil
– End user devices	3 Years	Nil
Office Equipment	5 Years	Nil
Intangible Assets :		
Software – Note 1	6 Years	Nil

Note 1: Intangible Asset – Software is amortized over 6 years, based on management’s estimate of useful life

1.7 Revenue Recognition

Sales of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the despatch of goods to customers. Sales include excise duty (where applicable), but exclude sales tax and Value Added Tax.

Income from sale of electricity is recognized as and when electricity is generated and supplied to the grid.

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

1.8 Fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. The cost is net of VAT and CENVAT credit availed.

Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Land acquired on lease for 99 years or less is treated as leasehold land.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on an intangible asset after its purchase or completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of asset.

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest (if any).

1.9 Foreign Currency Transactions and Translations

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

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the exchange rates on that date; the resultant exchange differences are recognised in the Statement of Profit and Loss as income or expense.

57th Annual Report 2015-16

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

1.10 Investments

Investments are either classified as current or long-term based on Management's intent at the time of making the investment. Current investments are carried individually, at the lower of cost and fair value. Long-term investments (excluding investment properties) are carried individually at cost less provision made to recognise any diminution, other than temporary, in the value of such investment. Cost of investments include acquisition charges such as brokerage, fees and duties. Provision is made to recognise any reduction in the carrying value of long-term investments and any reversal of such reduction is credited to the Statement of Profit and Loss.

1.11 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Others

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability, based on actuarial valuation made by an independent actuary, at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

1.12 Borrowing cost

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily takes a substantial period of time to get ready for their intended use are capitalised. Borrowing costs on general borrowings are determined using a capitalisation rate which is computed as the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are accounted as an expense in the period in which they are incurred.

1.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

1.14 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis. The Company has not entered into any finance lease arrangements.

1.15 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

1.16 Taxes on income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961 and at the rates enacted by the statute on the Balance Sheet date. Assets and liabilities representing current tax are disclosed on a net basis where there is a legally enforceable right to set off and where the Management intends to settle the asset and liability on a net basis.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

1.17 Impairment

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

1.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Show cause notices issued by various Government authorities are not considered as contingent liabilities. However, when the demands are raised against such show cause notices after considering the Company's views, these demands are either paid or treated as liabilities, if accepted by the company, and are treated as contingent liability, if disputed by the Company.

Contingent liabilities are disclosed by way of a note. Contingent assets are neither recognised nor disclosed in the financial statements.

1.19 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

57th
Annual Report
2015-16

NOTE: 2 - SHARE CAPITAL

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount ₹	No. of Shares	Amount ₹
A. Authorised Share Capital Equity Shares of ₹10/- each	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
B. Issued, Subscribed and Paid up Capital Equity Shares of ₹10/- each	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
TOTAL	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
C. Reconciliation of Paid up Share Capital Opening & Closing Paid up Equity Share Capital	No. of Shares	Amount	No. of Shares	Amount
	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
D. List of Share holders having 5% or more Shares				
Name of Shareholders	No. of Shares	In %'age	No. of Shares	In %'age
Mr. Anil Kumar Goel	9,00,000	6.00%	9,00,000	6.00%

As per the records of the Company, including its register of members/shareholders, the above shareholding represents both legal and beneficial ownership of the shares.

E. Terms / Rights attached to Equity Shares

- The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- For the year ended 31st March 2016, the amount of per share dividend recommended by the Directors for distribution to equity shareholders is ₹ 3 (Previous Yr.: ₹ 2.50).
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTE: 3 - RESERVES AND SURPLUS

Particulars	As at 31.03.2016	As at 31.03.2015
	₹	₹
A. General Reserve		
Opening Reserves	8,34,59,996	8,79,50,713
Less: Excess of carrying amount over the residual value of fixed assets (net of tax)	-	(44,90,717)
Closing Reserves	Total A	8,34,59,996

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
B. Surplus / (Defecit) in the Profit & Loss Statement		
Opening Surplus	85,06,50,076	76,04,78,482
Add: Profit for the Period	24,08,98,685	13,53,05,712
Less: Proposed Equity Dividend	(4,50,00,000)	(3,75,00,000)
[Dividend per Share - ₹ 3 (Prev Year - ₹ 2.50)]		
Tax on Proposed Equity Dividend	(91,60,941)	(76,34,118)
Closing Reserves	1,03,73,87,820	85,06,50,076
Total B	1,03,73,87,820	85,06,50,076
Total A + B	1,12,08,47,816	93,41,10,072

Note: 4 - LONG TERM BORROWINGS

Secured Borrowings

Term Loans -From Banks

a. Term Loan from Vijaya Bank (SL 124)	6,56,87,500	-
Less: Installments due during the next 12 months	-	-
	<u>6,56,87,500</u>	<u>-</u>
b. Term Loan from Vijaya Bank (SL 16)	-	24,91,000
Less: Installments due during the next 12 months	-	(24,91,000)
	<u>-</u>	<u>-</u>
c. Term Loan from Vijaya Bank (SL 88)	8,74,99,990	5,74,99,998
Less: Installments due during the next 12 months	(1,00,00,008)	(1,00,00,008)
	<u>7,74,99,982</u>	<u>4,74,99,990</u>
Total Long Term Borrowings	14,31,87,482	4,74,99,990

Security for Term Loan :

Term Loans are secured by first charge on pari-passu basis by hypothecation of entire plant and machinery and by way of deposit of title deeds of land measuring 11.90 acres & 21.65 acres at Thandavapura & Chikkayana Chatra, Nanjangud Taluk in Mysore District and building situated thereon.

Terms of Borrowal & Repayment of Term Loans :

	<u>SL 124</u>	<u>SL 88</u>
Date of Borrowal - first drawal	12 th Feb, 2016	20 th Dec, 2014
Date of Maturity	12 th Jan, 2026	20 th Dec 2024
Monthly Installment Amount	₹. 9,80,400/-	₹. 8,33,334/-
No. of Installments due after Balance Sheet Date	102 installments	105 installments
	(w.e.f. 12/08/2017)	

NOTE : 5 - DEFERRED TAX LIABILITY (NET)

A. Deferred Tax Liabilities

Impact of difference between Book Depreciation and Tax Depreciation	15,35,88,211	11,34,58,219
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B. Deferred Tax Assets

Expenses / Provisions disallowed for Tax purposes	(68,27,992)	-
Deferred Tax Liabilities (Net)	14,67,60,219	11,34,58,219

57th
Annual Report
2015-16

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
NOTE : 6 - OTHER LONG TERM LIABILITIES		
Deposits		
a. Deposits from Agents	1,35,49,027	1,35,99,027
b. Deposit from Others	20,00,000	20,00,000
Other Long Term Liabilities		
a. Deferred Payment Credit (in respect of purchase of fixed asset)	8,92,43,834	2,73,04,200
Less: Installments due during the next 12 months	(4,04,28,833)	(1,56,02,400)
	<u>6,43,64,028</u>	<u>2,73,00,827</u>
NOTE : 7 - LONG TERM PROVISIONS		
Provision For Employee Benefits		
Provision for compensated absences	13,96,646	12,82,577
	<u>13,96,646</u>	<u>12,82,577</u>
NOTE : 8 - SHORT TERM BORROWINGS		
Secured Borrowings		
Loans repayable on Demand from Banks :		
Working Capital Loan from Vijaya Bank (Secured against hypothecation of Inventories and book-debts and by second charge on fixed assets).	9,52,01,432	9,46,41,328
Working Capital Loan from IDBI Bank (Secured by Pari-passu first charge on current assets and pari-passu second charge on fixed assets)	5,00,00,000	-
	<u>14,52,01,432</u>	<u>9,46,41,328</u>
NOTE : 9 - TRADE PAYABLES		
Trade Payables		
a. Total outstanding dues of micro enterprises and small enterprises	41,087	-
b. Total outstanding dues of creditors other than micro enterprises and small enterprises	18,26,03,937	13,10,68,180
	<u>18,26,45,024</u>	<u>13,10,68,180</u>
NOTE : 10 - OTHER CURRENT LIABILITIES		
Current maturities of long term debt		
Term Loan from Vijaya Bank - SL 16	-	24,91,000
Term Loan from Vijaya Bank - SL 88	1,00,00,008	1,00,00,008
Current maturities of Deferred Payment Credit	4,04,28,833	1,56,02,400
Interest Accrued but not Due on Borrowings	16,92,100	10,86,343
Advance from customers	16,62,434	14,26,102
Liabilities for capital goods and capital expenses	3,95,04,958	11,66,656
Unclaimed dividends	43,50,178	38,59,045
Miscellaneous Liabilities	10,30,080	99,676
Other Payables -		
VAT / CST Payable	10,32,339	47,87,426
Excise Duty Payable	27,16,914	26,17,946
Tax Deducted at Source	29,00,099	14,50,838
Other Expenses Payable	1,48,35,285	49,79,976
	<u>12,01,53,228</u>	<u>4,95,67,416</u>

As at
31.03.2016
₹

As at
31.03.2015
₹

NOTE : 11 - SHORT TERM PROVISIONS

A. Provision for employee benefits -		
provision for bonus	1,25,27,636	44,92,485
provision for salary, wages and other benefits	93,16,757	1,04,90,356
provision for contribution to PF / ESI etc.,	14,55,802	13,62,005
provision for other employee benefits	19,63,506	15,57,707
provision for Gratuity	-	-
B. Provision - Others -		
provision for Income Tax	62,74,668	1,29,39,699
provision for Wealth Tax	-	34,700
provision for Other Taxes	3,09,115	1,16,894
provision for proposed equity dividend	4,50,00,000	3,75,00,000
provision for tax on proposed equity dividends	91,60,941	76,34,118
	8,60,08,425	7,61,27,964

NOTE : 12 - FIXED ASSETS

(i) Tangible Assets	1,14,29,87,777	78,50,17,759
(ii) Intangible Assets	11,58,844	15,14,937
(iii) Capital work-in-progress	15,93,60,878	2,03,56,437
	1,30,35,07,499	80,68,89,133

Note 12 : FIXED ASSETS

Description	Gross Block				Accumulated Depreciation				Net Block as on	
	As on 01.04.2015	Additions during the year	Deletions during the year	As on 31.03.2016	As on 01.04.2015	Depn for the year	Depn on Deletion	As on 31.03.2016	As on 31.03.2016	As on 31.03.2015
(i) TANGIBLE ASSETS										
Land										
- Freehold Land	1,08,08,050	-	-	1,08,08,050	-	-	-	-	1,08,08,050	1,08,08,050
- Leasehold Land	-	37,86,805	-	37,86,805	-	-	-	-	37,86,805	-
Building	22,05,63,495	2,59,38,025	-	24,65,01,520	4,93,69,245	1,00,64,392	-	5,94,33,637	18,70,67,883	17,11,94,250
Plant and Machinery	1,18,40,27,106	40,27,86,816	-	1,58,68,13,922	59,26,11,505	6,54,13,740	-	65,80,25,245	92,87,88,677	59,14,15,601
Office Equipment	49,33,258	-	-	49,33,258	39,08,742	5,97,469	-	45,06,211	4,27,047	10,24,516
Furniture and Fixtures	91,71,606	98,886	-	92,70,492	52,72,511	9,15,337	-	61,87,848	30,82,644	38,99,095
Vehicles	1,65,38,798	43,03,954	9,79,500	1,98,63,252	1,04,71,695	19,35,320	5,57,672	1,18,49,343	80,13,909	60,67,103
Computers	1,02,49,244	8,29,077	2,07,323	1,08,70,998	96,40,100	4,25,459	2,07,323	98,58,236	10,12,762	6,09,144
	1,45,62,91,557	43,77,43,563	11,86,823	1,89,28,48,297	67,12,73,798	7,93,51,717	7,64,995	74,98,60,520	1,14,29,87,777	78,50,17,759
Previous Year	1,39,09,22,490	6,53,69,067	-	1,45,62,91,557	59,01,84,237	8,10,89,561	-	67,12,73,798	78,50,17,759	80,07,38,253
(ii) INTANGIBLE ASSETS										
Computer Software	44,90,906	35,500	-	45,26,406	29,75,969	3,91,593	-	33,67,562	11,58,844	15,14,937
Total	44,90,906	35,500	-	45,26,406	29,75,969	3,91,593	-	33,67,562	11,58,844	15,14,937
Previous Year	38,13,977	6,76,929	-	44,90,906	23,30,002	6,55,967	-	29,75,969	15,14,937	14,93,975
(iii) CAPITAL WORK IN PROGRESS										
At Cost	-	-	-	-	-	-	-	-	15,93,60,878	2,03,56,437
	-	-	-	-	-	-	-	-	15,93,60,878	2,03,56,437
Total	1,46,07,82,463	43,77,79,063	11,86,823	1,89,73,74,703	67,42,49,767	7,97,43,310	7,64,995	75,32,28,082	1,30,35,07,499	80,68,89,133
Previous Year	1,39,47,36,467	6,60,45,996	-	1,46,07,82,463	59,25,04,239	8,17,45,528	-	67,42,49,767	80,68,89,133	83,54,07,084

57th Annual Report 2015-16

NOTE : 13 - NON CURRENT INVESTMENTS

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
Non Trade - Unquoted - At Cost		
Investment in Government Securities		
National Savings Certificate	-	1,000
	<u>-</u>	<u>1,000</u>

NOTE : 14 - LONG TERM LOANS AND ADVANCES

Unsecured & Considered Good:

Capital Advances	8,22,49,841	9,32,32,654
Security Deposits	71,72,591	70,69,082
	<u>8,94,22,432</u>	<u>10,03,01,736</u>

NOTE : 15 - INVENTORIES

Raw Material	15,18,30,546	17,85,81,239
Raw Material - in Transit	35,86,536	40,63,630
Adhesives, Inks, Consumables & Stores	5,72,71,899	5,10,57,680
Fuel	1,90,39,870	2,58,97,481
Work In Process	40,58,787	47,29,771
Finished Goods	3,75,60,121	3,71,41,778
	<u>27,33,47,759</u>	<u>30,14,71,579</u>

NOTE : 16 - TRADE RECEIVABLES

Unsecured & Considered Good

Above Six Months		
- for sale of Products	50,39,841	19,84,551
Below Six Months		
- for sale of Products	35,45,18,997	29,71,36,900
- for sale of Power	23,90,364	20,37,027
	<u>36,19,49,202</u>	<u>30,11,58,478</u>

NOTE : 17 - CASH AND BANK BALANCES

A. Cash on hand	3,04,072	3,01,497
B. Balances with Banks		
in Current Accounts	55,63,855	3,73,99,931
in Current Accounts (unpaid dividend)	43,50,178	38,59,045
in fixed deposits (incl. margin money deposits)	2,85,00,000	1,75,00,000
	<u>3,87,18,105</u>	<u>5,90,60,473</u>

NOTE : 18 - SHORT TERM LOANS AND ADVANCES

Unsecured and Considered Good

Advances to Suppliers	1,38,89,001	2,39,28,975
Prepaid Expenses	78,51,541	41,93,859
Advances Staff and Others	12,43,698	12,76,338
Balance with Statutory Authorities	6,82,01,153	2,48,02,808
	<u>9,11,85,393</u>	<u>5,42,01,980</u>

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
NOTE : 19 - OTHER CURRENT ASSETS		
Interest Receivable on Deposits, etc	4,19,910	4,68,734
Insurance Claim Receivable	7,60,000	8,84,383
Other Receivables	-	6,19,077
MAT Credit Entitlement	12,54,000	-
	24,33,910	19,72,194
NOTE 20 - REVENUE FROM OPERATIONS		
A. Gross Sales -		
Sale of Products	2,16,82,54,255	1,95,51,11,941
Sale of Power	2,16,63,391	1,23,83,377
	2,18,99,17,646	1,96,74,95,318
Less : Excise Duty	12,37,29,895	11,37,02,819
	2,06,61,87,751	1,85,37,92,499
B. Other Operating Revenues		
	11,87,508	15,63,180
	2,06,73,75,259	1,85,53,55,679
NOTE 21 - OTHER INCOME		
Interest Income	43,21,642	27,31,624
Exchange Fluctuation others	1,96,058	52,82,588
Profit on sale of Asset	23,670	-
Other non-operating income	23,382	11,576
	45,64,752	80,25,788
NOTE: 22 - COST OF MATERIAL CONSUMED		
Raw Materials' Consumption -		
Waste paper / Kraft paper	84,18,67,699	79,26,78,196
Others (each less than 10%)	12,85,54,095	9,84,18,839
	97,04,21,794	89,10,97,035
NOTE: 23 - CHANGE IN INVENTORY OF FINISHED GOODS & WORK IN PROGRESS		
Opening Stock of -		
Finished Goods	3,71,41,778	3,96,07,007
Work-in Progress	47,29,771	32,29,731
	4,18,71,549	4,28,36,738
Closing Stock of -		
Finished Goods	3,75,60,121	3,71,41,778
Work-in Progress	40,58,787	47,29,771
	4,16,18,908	4,18,71,549
(Increase) / Decrease in Inventory of Finished Goods & Work in Progress	2,52,641	9,65,189

57th
Annual Report
2015-16

NOTE 24 - EMPLOYEE BENEFITS EXPENSES

	2015-16	2014-15
	₹	₹
A. Salaries and Wages -		
Salaries & Bonus to Staff	5,60,82,543	4,93,68,268
Wages & Bonus to Workers	8,34,86,128	6,52,71,440
Director Remuneration, Commission & benefits	1,78,75,423	1,06,58,017
B. Contribution to Provident and Other Funds -		
Provident Fund	74,72,189	59,45,642
Superannuation Fund	83,600	83,600
Gratuity Payment & Fund Contribution	29,01,699	67,12,819
C. Staff Welfare Expenses -		
Payment to Employee State Insurance Scheme	6,34,401	7,80,777
Payment to other Employee Insurance Schemes	5,79,857	1,23,76,550
Canteen Expenses	59,41,252	55,37,193
Medical Benefits	10,17,102	14,97,333
Training & Professional Development	1,49,005	1,34,768
Transportation / Conveyance to Staff	19,35,684	20,10,229
Other Welfare Expenses	35,14,597	19,96,044
	18,16,73,480	16,23,72,680

NOTE 25 - FINANCE COSTS

A. Interest Expense on -		
Term Loans	74,35,805	28,33,369
Working Capital Loans	70,65,242	1,32,91,982
Trade Deposits & Others	12,07,622	10,24,609
B. Other Borrowing Costs	7,95,351	10,05,014
	1,65,04,020	1,81,54,974

NOTE 26 - OTHER EXPENSES

A. Manufacturing Expenses -		
Fuel Consumed	30,00,29,513	28,78,09,937
Adhesives, Inks, Consumables & Stores Consumed	4,03,81,352	3,62,66,987
Power & Water	74,86,965	33,87,897
Repairs & Maintenance :		
- Plant & Machinery	6,53,22,912	6,16,14,206
- Building, Road	48,27,810	42,97,665
Excise Duty on Closing Stock of Finished Goods (net)	98,968	42,97,665
Exchange Fluctuation on raw material imports	29,76,725	(25,04,348)
Total A	42,11,24,245	39,10,26,711

	2015-16 ₹	2014-15 ₹
B. Administrative & Selling Expenses		
Commission on Sales	3,15,23,123	2,81,30,043
Packing & Forwarding Charges	1,92,11,001	1,59,59,098
Rent payments	15,22,360	13,09,110
Rates and Taxes	59,71,979	35,24,108
Postage & Telephone	8,11,609	7,42,979
Printing and Stationery	5,20,864	5,08,685
Directors' Sitting Fees	3,80,000	2,20,000
Directors' Commission - Non Whole Time	37,00,875	21,31,603
Insurance	46,69,362	36,19,016
Vehicle Repairs & Maintenance	9,20,787	9,86,055
Travelling and Conveyance	35,93,136	61,18,693
Auditors' Remuneration :		
- for audit	4,00,000	4,00,000
- for tax audit	1,00,000	1,00,000
- for other services	1,35,000	60,000
- for Out-of-Pocket Expenses	19,800	10,300
Security Charges	69,65,520	60,42,763
Outward Freight	2,63,21,386	1,99,87,942
Cost Auditor's remuneration & expenses	-	75,000
Branch expenses	10,50,859	12,52,450
Discount and rebates	94,45,717	94,65,593
Bank Charges	25,71,551	22,07,406
Internal Audit Fees & Expenses	86,954	68,550
Miscellaneous Expenses	1,59,44,502	1,47,29,242
	Total B	11,76,48,636
	Total A + B	50,86,75,347

NOTE 27- EXCEPTIONAL ITEMS

Keyman Insurance Policy maturity receipts	8,51,17,501	-
Interest on Settlement of EPCG	(29,60,426)	-
	8,21,57,075	-

NOTE 28- EARNINGS PER SHARE

Basic & Diluted Earnings Per Share -		
Profit for the year after Tax	24,08,98,685	13,53,05,712
No. of Shares outstanding	1,50,00,000	1,50,00,000
Earnings Per Share	16.06	9.02

57th
Annual Report
2015-16

NOTE : 29. Expenditure in Foreign currency:

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Value of Import on CIF Basis		
Raw materials	39,55,25,176	42,91,60,521
Components and spare parts etc.	76,01,566	39,87,407
Capital goods	11,56,74,035	1,75,33,961
Other Expenditure in Foreign Currency		
Professional and consultation fees	12,310	Nil
Travelling expenses	5,34,193	13,25,378

NOTE : 30. Earnings in Foreign Currency:

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
a. FOB Value of Exports during the year	10,26,881	1,07,97,570
b. Sales to SEZ during the year	82,64,171	84,01,371

NOTE : 31. Exchange Differences

The Company has recognized an aggregate loss on exchange differences of ₹ 27,80,667 (P.Y. Gain of ₹ 77,86,936) in the Statement of Profit & Loss.

NOTE : 32 Employee benefits

a) Defined Contribution Plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plan ("the Scheme") for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to the plan by the Company is at rates specified in the rules of the Scheme. Amount contributed to the Scheme is shown in Note No.24.

b) Defined Benefit Plans

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

As per AS-15 (revised) applicable from 1-4-07, disclosures in respect of Gratuity Scheme, based on Actuarial valuation are as follows :

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
1 Expense recognised in statement of Profit & Loss		
a) Current service cost	80,25,957	52,43,361
b) Interest on Defined Benefit Obligation	55,31,904	46,77,490
c) Expected return on plan assets	(56,80,826)	(55,04,890)
d) Actuarial (gain)/ loss	(49,75,336)	22,96,858
Total	29,01,699	67,12,819
2 Net (Assets)/ Liabilities recognised in Balance sheet		
a) Present value of Defined Benefit obligations	7,89,23,462	7,04,13,579
b) Fair value of Plan assets	8,03,11,000	7,05,43,042
Difference representing Net (Assets)/ Liabilities considered in Balance sheet	(13,87,538)	(1,29,463)
3 Change in Gratuity Obligation during the year		
a) Present value of Defined Benefit obligations - as on 01-04-2015	7,04,13,579	5,96,23,628
b) Current service cost	80,25,957	52,43,361
c) Interest on Defined Benefit Obligation	55,31,904	46,77,490
d) Actuarial (gain) / loss	(33,88,204)	15,48,814
e) Benefits paid	(16,59,774)	(6,79,714)
f) Present value of Defined Benefit obligations - as on 31-03-2016	7,89,23,462	7,04,13,579
4 Change in fair value of plan assets during the year.		
a) Fair value of plan assets as on 01-04-2015	7,05,43,042	5,96,86,196
b) Expected return on plan assets	56,80,826	55,04,890
c) Actual Company contribution	25,00,000	61,00,000
d) Actuarial gain / (loss)	15,87,132	(7,48,044)
e) Benefits paid from plan assets	-	-
f) Fair value of plan assets as on 31-03-2016	8,03,11,000	7,05,43,042
5. Actuarial Assumptions:		
a) Discount rate	7.95%	7.89%
b) Expected rate of return on Plan assets	8%	8%
c) Salary escalation rate	12%	12%

57th Annual Report 2015-16

NOTE : 33 Concession in customs duty availed for imports cleared under Export Promotion on Capital Goods Scheme ₹ 3,85,43,853 (P.Y : ₹3,85,43,853). The company has fulfilled the export obligation of ₹23,07,76,743/- towards duty saved concession amounting to ₹3,50,92,482 upto 31.03.2016. For the balance duty of ₹ 34,51,371/- the Company could not fulfill the export obligation & hence the company has paid the differential customs duty of ₹34,51,371/- along with interest of ₹ 29,60,425/- during the FY 2015-16.

NOTE : 34 Details of Contingent Liabilities and Commitments :

A) Contingent Liabilities and Claims not acknowledged as debts :

Particulars		March 31, 2016 ₹	March 31, 2015 ₹
Demands under the Central Excise Act:			
Excise duty and penalty in respect of sale of sludge. (stay granted by CESTAT, Bangalore)	Duty	Nil	3,54,725
	Penalty	Nil	3,54,725
Excise duty and penalty in respect of removal of Capital goods (stay granted by CESTAT, Bangalore)	Duty	8,15,339	8,15,339
	Penalty	50,000	50,000
Demand of penalty on late payment of Service tax (stay granted by CESTAT, Bangalore)		Nil	2,63,068

B) Commitments :

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) - Tangible Assets	4,59,23,923	17,71,34,624

35. Raw Material Consumption

Particulars	March 31, 2016		March 31, 2015	
	₹	% age	₹	% age
Raw Material				
Imported	47,18,61,240	48.62	47,91,15,660	53.77
Indigeneous	49,85,60,554	51.38	41,19,81,375	46.23
Total	97,04,21,794	100.00	89,10,97,035	100.00
Stores & Spares				
Imported	60,46,686	14.97	42,19,521	11.63
Indigeneous	3,43,34,666	85.03	3,20,47,466	88.37
	4,03,81,352	100.00	3,62,66,987	100.00

36. Related parties Disclosure

Names of related parties and related party relationship :

Names of related parties	Description of Relationship
Mr. Manish M Patel	Key Managerial Personnel (“KMP”) [Managing Director]
Mrs. Vandhana M Patel	Relative of Key Managerial Personnel (“Relatives of KMP”) [Wife of Managing Director]
Mr. B. Ravi Holla	Key Managerial Personnel (“KMP”) [Chief Financial Officer]
Mr. N.S. Hegde	Key Managerial Personnel (“KMP”) [Company Secretary] - Upto 29.10.2015
Ms. Vidya Bhat	Key Managerial Personnel (“KMP”) [Company Secretary] - w.e.f 29.10.2015

Details of Related party transactions

Sl.No.	Name of Person	Nature of Transaction	March 31, 2016 ₹	March 31, 2015 ₹
1	Mr. Manish M Patel	Remuneration	1,78,75,423	1,06,58,017
2	Mrs. Vandhana M Patel	Remuneration	6,08,111	5,68,853
3	Mr. B. Ravi Holla	Remuneration	12,29,585	10,32,112
4	Mr. N.S. Hegde - upto 29.10.2015	Remuneration	87,500	1,50,000
5	Ms. Vidya Bhat - w.e.f 29.10.2015	Remuneration	1,44,819	Nil
6	Mr. Manish M Patel	Closing Balance in current account	13,64,215	9,71,978

37. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26th August 2008 which recommends that the Micro & Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the ‘Micro, Small and Medium Enterprises Development Act, 2006’ (‘the Act’). Accordingly the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on information received and available with the Company. In the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the Balance Sheet date.

57th
Annual Report
2015-16

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period	41,087	Nil
The amount of interest paid by the Company along with the amount of the payments made to the supplier beyond the appointed day during the period	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

NOTE : 38. Segment wise revenue, results and capital employed are furnished herein for :

- i) Paper & Paper Products and ii) Power

The Company's business segments are primarily (a) Paper and paper products and (b) Power. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on a reasonable basis.

SEGMENTWISE REVENUE, RESULTS, CAPITAL EMPLOYED

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
1. Segment Revenue		
a) Paper & Paper Products	2,04,45,24,360	1,84,14,09,122
b) Power	25,09,85,858	21,51,83,110
Total	2,29,55,10,218	2,05,65,92,232
Less : Inter Segment Revenue	22,93,22,467	20,27,99,733
Net Sales	2,06,61,87,751	1,85,37,92,499
2. Segment Results		
i) Paper & Paper Products	23,01,76,857	20,03,13,170
ii) Power	5,26,81,299	2,48,60,016
Add: Exceptional Items (Net)	8,21,57,075	Nil
Total	36,50,15,231	22,51,73,186
Less : Finance Cost	1,65,04,020	1,81,54,974
Total Profit before Tax	34,85,11,211	20,70,18,212
3. Capital Employed		
i) Paper & Paper Products	92,39,47,534	1,05,80,11,685
ii) Power	34,69,00,282	2,60,98,387
Total Capital Employed	1,27,08,47,816	1,08,41,10,072

NOTE : 39 Leases

The Company is obligated under non-cancellable operating leases for office premises. The total rental expenses under non-cancellable operating leases amounted to ₹ 24,06,123/- for the year ended March 31, 2016 (March 31, 2015 : ₹ 16,16,518/-)

Future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	March 31, 2016 ₹	March 31, 2015 ₹
Not later than 1 year	21,82,860	16,18,668
Later than 1 year and not later than 5 years	Nil	Nil
Later than 5 years	Nil	Nil

NOTE : 40. Previous year's figures have been re-grouped/re-classified wherever necessary to correspond with the current year's classification/disclosure.

Manish M. Patel
Managing Director

M.G. Mohan Kumar
Director

To be read with our report of even date.
for B.S. RAVIKUMAR & ASSOCIATES,
Chartered Accountants
Firm Reg. No. 006101S

B. Ravi Holla
Chief Financial Officer

Vidya Bhat
Company Secretary

B.S. Ravikumar
Partner
M. No. 10218

Place : Bengaluru

Dated : 26th May, 2016

57th
Annual Report
2015-16

THE SOUTH INDIA PAPER MILLS LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016

	Year ended 31st March, 2016 ₹	Year ended 31st March, 2015 ₹
Cash Flow from Operating Activities		
Net profit before tax as per Statement of Profit and Loss	26,63,54,136	20,70,18,212
Adjustments to reconcile Net Profit before tax to cash provided by operating activities:		
Add: Depreciation	7,97,43,310	7,50,98,030
Add: Finance costs	1,65,04,020	1,81,54,974
Less: Non-operating incomes	(43,45,312)	(27,31,624)
Changes in assets and liabilities:		
(Increase) / Decrease in Inventories	2,81,23,820	(3,21,50,551)
(Increase) / Decrease in Trade and other receivables	(9,71,34,186)	(4,04,20,995)
Increase / (Decrease) in liabilities and provisions	9,28,51,202	(2,55,28,981)
Cash flow from operating activities	38,20,96,990	19,94,39,065
Less: Income Tax paid	(8,22,29,557)	(5,37,77,801)
Net cash flows from operating activities (A)	29,98,67,433	14,56,61,264
Investment in fixed assets	(52,74,62,390)	(7,68,80,822)
Proceeds from sale of fixed assets	4,45,498	-
Interest Income	43,70,466	24,33,151
Decrease in Non-Current Investments	1,000	-
Cash flow from investing activities before exceptional items	(52,26,45,426)	(7,44,47,671)
Exceptional items	8,21,57,075	-
Net cash flows from investing activities (B)	(44,04,88,351)	(7,44,47,671)
Increase / (Decrease) in Short Term borrowings	5,05,60,105	(88,39,482)
Increase in Long Term borrowings	10,56,87,500	6,00,00,000
Repayment of Long Term borrowings	(1,24,91,008)	(3,11,69,402)
Increase / (Decrease) in other Long Term liabilities	3,70,63,201	(1,93,90,153)
Finance costs	(1,58,98,263)	(1,83,09,959)
Equity Dividend paid	(3,70,08,867)	(2,23,66,574)
Dividend Distribution Tax	(76,34,118)	(38,23,875)
Cash flow from financing activities (C)	12,02,78,550	(4,38,99,445)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(2,03,42,368)	2,73,14,148
Balance of cash and cash equivalents at the beginning of the year	5,90,60,473	3,17,46,325
Balance of cash and cash equivalents at the end of the year	3,87,18,105	5,90,60,473

Manish M. Patel
Managing Director

M.G. Mohan Kumar
Director

To be read with our report of even date.
for **B.S. RAVIKUMAR & ASSOCIATES,**
Chartered Accountants
Firm Reg. No. 006101S

B. Ravi Holla
Chief Financial Officer

Vidya Bhat
Company Secretary

B.S. Ravikumar
Partner
M. No. 10218

Place : Bengaluru
Dated : 26th May, 2016

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty Seventh Annual General Meeting of The South India Paper Mills Ltd., will be held at the Registered Office of the Company at Chikkayana Chatra, Nanjangud - 571 302 (Karnataka State), on Thursday, the 15th September, 2016 at 3.30 p.m. to transact the following business :

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2016 and Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend for the year ended 31st March, 2016
3. To appoint a Director in place of Mr. Jitendra A Patel (DIN 00248302), who retires by rotation and is eligible for reappointment.
4. To ratify the appointment of Auditors made by the shareholders at the 56th Annual General Meeting

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

RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act 2013, and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board, the Company do hereby ratify the appointment of Statutory Auditors, made by the shareholders at the 56th Annual General Meeting, on a remuneration as shall be fixed by the Board of Directors of the Company on the recommendation of the Audit Committee.

By Order of the Board of Directors

Bengaluru
26th May, 2016

**MANISH M PATEL
MANAGING DIRECTOR**

NOTES

1. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a Member of the Company. However, proxy forms should be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting.
2. The Register of Members of the Company will remain closed from 01st September, 2016 to 20th September, 2016 (both days inclusive). The Dividend shall be payable to those Shareholders whose names appear on the Register

57th Annual Report 2015-16

of Members as on the closing of 31st August, 2016. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

3. Members are requested to communicate the change in address, if any, immediately to the Company's Registrars & Share Transfer Agents M/s Karvy Computershare Pvt Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032
4. The relevant details in respect of item No. 3, pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are annexed hereto.

Details of the Director seeking appointment / re-appointment in the forthcoming Annual General Meeting						
Name of the Director	Age	Date of Appointment & No. of equity shares held in the Co.	Experience in specific functional areas	Qualifications	Directorships in other companies	Chairman / membership in committees on the Board of other companies
Mr Jitendra A Patel	68	27.09.2012 Holds 7,47,520 equity shares	Vast experience in the paper industry.	Diploma in Paper Technology, Sweden	(1) Indo Afrique Paper Mills Pvt Ltd (2) Laxmi Board and Paper Mills Pvt Ltd	----

5. In order to protect your interest against fraudulent encashment of Dividend warrants, we request you to provide us the name of your bank, branch & the account number, if not already given, to enable us to incorporate the same in your Dividend warrants.
6. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends / unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to forward their claims in prescribed Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Office of the Registrar of Companies, Karnataka, E-Wing, II Floor, Kendriya Sadana, Koramangala, Bangalore - 560 034.
7. Dividends pertaining to the financial year 1995-96 & onwards, remaining in the unpaid/ unclaimed dividend accounts of the Company shall, at the expiry of 7 years, be transferred to the Investor Education & Protection Fund of the Central Govt. Thereafter the shareholders shall have no claim against the Fund or the Company in respect of their unencashed Dividend warrants. As per the rules, Dividend for 2007-2008 which was unclaimed, has been transferred during the year to the Central Govt. Members who have not encashed their Dividend Warrants pertaining to the year 2008-2009 & onwards are requested to approach the Company, immediately for obtaining duplicate Dividend Warrant.

8. Shareholders/Proxy holders are requested to produce at the entrance the attached attendance slip duly completed and signed, for admission to the meeting hall.
9. Shareholders are requested to bring their copies of the Annual Report, as copies of the Report will not be distributed again in the meeting, as a measure of economy.
10. Companies Act, 2013 provides for Nomination facility to members. Members desirous of making use of this facility may contact the Company or our Registrars & Transfer Agents.
11. As per SEBI Rules, furnishing of PAN Card copy of Transferee is mandatory in cases of Transfer of shares in physical form, Transmission of shares/ deletion of deceased shareholder's name.
12. In case of change of address with respect to physical shareholding, members are requested to send a letter duly signed by the shareholder (s) along with certified copies of Electricity or Telephone Bill and Ration card and PAN Card copy in support of your changed address.
13. The Ministry of Corporate Affairs (MCA) has launched 'Green Initiatives in the Corporate Governance' by allowing paperless compliances by the Companies. MCA has issued Circular No's 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 stating that the services of a notice/ document by a Company to its shareholders can now be made through electronic mode. Further, MCA has vide its notification dated 30th May, 2011 issued the Companies (Passing Of the Resolution by Postal Ballot) Rules, 2011 which enables the Companies to issue Postal Ballot notices also through electronic mail to their shareholders.

In view of the above, the Company proposes to henceforth send Annual Report (Audited Financial Statements, Directors Report, Audit Report etc.) and other documents such as the Notice of the Annual General Meeting/ Extraordinary General Meeting/ Postal Ballot Notices to the shareholders in electronic form to the email address registered with their depository participant (in case of electronic shareholding) / our Registrar and Share Transfer Agents M/s Karvy Computershare Pvt Ltd. (in case of physical share holding).

We, therefore request and encourage you to register your email ID in the records of your Depository Participant (in case of electronic holding)/ our Registrar and Share Transfer Agents M/s. Karvy Computershare Pvt Ltd (in case of physical shareholding) mentioning your folio details.

By Order of the Board of Directors

Bengaluru

26th May, 2016

MANISH M PATEL
MANAGING DIRECTOR

INSTRUCTIONS FOR E VOTING

The Company is pleased to provide Members facility to exercise their right to vote at the Fifty Seventh Annual General Meeting (AGM) by electronic means in deference to Section 108 of the Companies Act, 2013 and Rule 20 of

57th Annual Report 2015-16

the Companies (Management & Administration), Rules, 2014. This business would be transacted through e- voting services provided by Karvy Computershare Pvt Ltd.

1. A. In case a Member receives an email from Karvy [for members whose email IDs are registered with the Company/ Depository Participants (s)]:
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and password mentioned in the attendance slip). EVENT No. followed by Folio No. / DP ID- Client Id will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on “LOGIN”.
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly **recommended** that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the “EVENT” i.e., The South India Paper Mills Limited.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut off Date under “**FOR/AGAINST**” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR/AGAINST” taken together not **exceeding** your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either “**FOR**” or “**AGAINST**” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - viii. Shareholders holding multiple folios/ demat accounts shall choose the voting process separately for each folio/ demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any **number** of times till they have voted on the Resolution(s).

- xii. Corporate/ Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e mail hitaishkumar@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “The South India Paper Mills Limited”, 57th Annual General Meeting”.
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants (s)]
- i. User ID and initial Password as mentioned in the attendance slip.
 - ii Please follow all steps from Sl. No. (i) to Sl. No. (xii) of A above, to cast vote.
2. In case of any queries relating to e-voting please visit Help & FAQ section of <https://evoting.karvy.com> (Karvy Website).
 3. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 4. The e-voting period commences on 12-09-2016 (9.00 AM) and ends on 14-09-2016 (5.00PM). During this period shareholders’ of the Company, holding shares either in physical form in dematerialized form, as on the cut-off date 07-09-2016, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
 5. Member who do not have access to e-voting facility and wish to send his assent or dissent in writing on the postal ballot can fill up the enclosed Ballot form send it to scrutinizer so as to reach on or before 14-09-2016 .
 6. The voting rights of shareholders shall be in proportion to their shares of the paid up Equity share capital of the Company as on the cut-off date 07-09-2016.
 7. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 07-09-2016, may obtain the login ID and password by sending a request at evoting@karvy.com or to Mrs Shobha Anand, Contact No. 040-67162222. The Notice of the Annual General Meeting (AGM) of the Company along with Attendance Slip and Proxy Form & Ballot form can be downloaded from the link <https://evoting.karvy.com> or www.sipaper.com.
 8. The facility for voting through Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
 9. Members who have cast their vote by e-Voting / Ballot are entitled to attend the AGM but they cannot cast their vote at the AGM. Shareholders present in person or by proxy can vote at the Meeting. Shareholders can cast their vote in any one of the modes only.

57th Annual Report 2015-16

10. In case a shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode through remote e-voting, postal ballot or voting at the meeting will be considered in that seriatim.
11. The Board of Directors have appointed Mr.S N Hitaish Kumar, Practicing Company Secretary(Membership No. 6564, CP No. 6553) as the Scrutinizer to scrutinize the e- Voting/Ballot/ Poll process in a fair and transparent manner.
12. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of polling paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
13. The Scrutinizer shall immediately after the conclusion of the voting at the general meeting, will first count the votes cast at the meeting through poll paper, then unblock the votes cast through e voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman or any person authorised by the Chairman in writing, who shall countersign the same.
14. The Chairman or the person authorised by him in writing, shall forthwith on receipt of the Consolidated Scrutinizer's Report declare the Results of the voting. The resolutions shall be deemed to be passed on the AGM Date subject to the receipt of requisite no of votes.
15. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.sipaper.com and on the website of service provider(<https://evoting.karvy.com>) immediately after the results are declared by the Chairman. The Company shall simultaneously forward the results to BSE Limited where the shares of the Company are listed.

THE SOUTH INDIA PAPER MILLS LIMITED

Regd Office : Chikkayanachatra, Nanjangud - 571302, Karnataka State, India

CIN: L85110KA1959PLC001352

Phone No. (08221) 228265, 228267,228266, Fax: No.(08221) 228270

Website: www.sipaper.com Email: corporate @sipaper.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and
Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s) :

Folio No./ DP ID/ Client ID :

Registered Address :

E-mail:

I / We, being the Member(s) of _____ shares of The South India Paper Mills Ltd, hereby appoint :

1. Name : _____
Address : _____

Email ID : _____
Signature : _____

(Or failing him/her)

2. Name : _____
Address : _____

Email ID : _____
Signature : _____

(Or failing him/her)

3. Name : _____
Address : _____

Email ID : _____
Signature : _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 57th Annual General Meeting (AGM) of the Company, to be held on Thursday, 15th day of September, 2016 at 3.30 p.m. at Chikkayanachatra, Nanjangud - 571302, Karnataka at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution Number	Description	Vote (Optional) \surd		
		For	Against	Abstain
Ordinary Business				
1	Adoption of Accounts for the Financial Year ended 31st March, 2016			
2	Declaration of Dividend for the financial year ended 2015- 16			
3	To appoint a Director in place of Mr Jitendra A. Patel (DIN 00248302), who retires by rotation and is eligible for reappointment			
4	Ratification of Appointment of Statutory Auditors			

Signed this _____ Day of _____ September 2016.

Signature of the Shareholder _____



Signature of the Proxyholder(s) _____

NOTE: 1. This form of proxy, in order to be effective, should be duly completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting. The Proxy need not be a Member of the Company.

THE SOUTH INDIA PAPER MILLS LIMITED

Regd Office: Chikkayanachatra, Nanjangud - 571302, Karnataka State, India

CIN: L85110KA1959PLC001352

Phone No. (08221) 228265, 228267, 228266, Fax: No.(08221) 228270

Website: www.sipaper.com Email: corporate@sipaper.com

POSTAL BALLOT FORM

SI No.	Particulars	Details
1.	Name of the First Named shareholder / Joint holder (In Block Letters)	
2.	Postal Address	
3.	Registered Folio No / DP and Client ID No.	
4.	Class of Shares	Equity

I hereby exercise my vote in respect of Ordinary Resolutions enumerated below as mentioned in the Notice of Annual General Meeting of the Company to be held on 15th September, 2016, by recording my assent or dissent to the said resolutions in the following manner :

S.No.	Resolution	Type of Resolution	No. of shares held	I / We assent to the resolution (FOR)	I / We dissent from the resolution (AGAINST)
1	Adoption of Accounts for the Financial Year ended 31st March 2016	Ordinary			
2	Declaration of Dividend for the Financial Year ended 2015-16	Ordinary			
3	To appoint a Director in place of Mr Jitendra A Patel (DIN 00248302) who retires by rotation and is eligible or re appointment	Ordinary			
4.	Ratification of Appointment of statutory auditors	Ordinary			

Place :

Date :

Signature of the shareholder(s)

Note: Please send this postal ballot form duly filled in, so as to reach on or before 14th September, 2016, to the following address of the shareholder

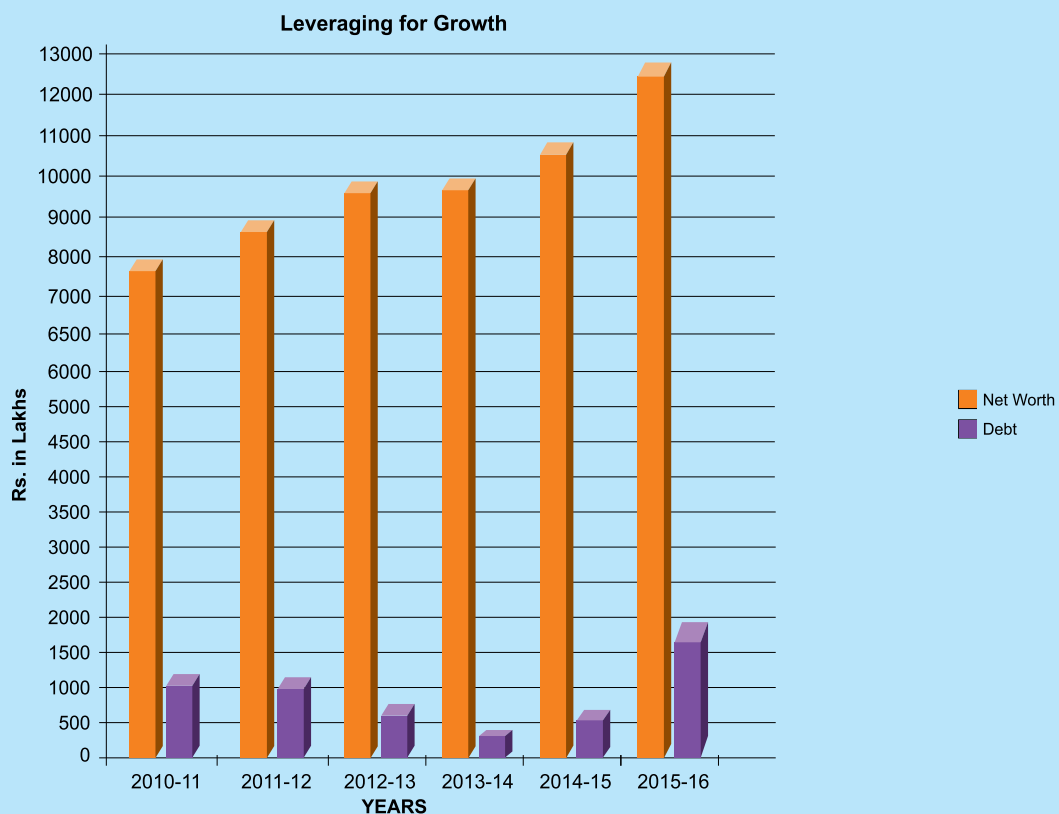
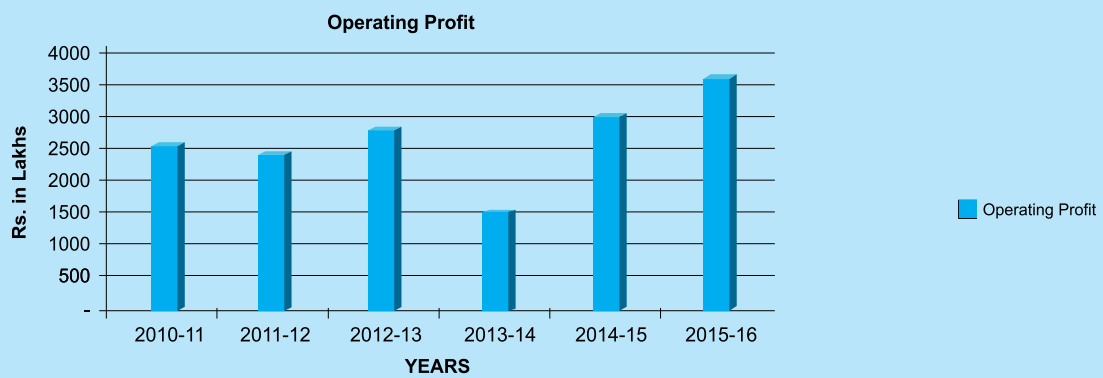
Please read the instructions overleaf carefully before exercising your vote

57th Annual Report 2015-16

Instructions

1. This Ballot Form is provided for the benefit of Members who do not have access to e voting facility, to enable them to send their assent or dissent by post.
2. Please complete and sign the Ballot form and send it to us so as to reach on or before 14th September 2016 to the Scrutinizer, Mr S N Hitaish Kumar, Practising Company Secretary (CP No 6553) at the Registered office of the Company at Chikkayanachatra, Nanjangud.
3. Ballot forms received by the scrutinizer after 5.00 p.m on 14th September 2016 shall not be considered.
4. The form should be signed by the Member as per the specimen signature registered with the Company/Depository Participants(s). In case of joint holding the form should be completed and signed by the First named shareholder and in his / her absence, by the next named joint holder. A power of attorney holder may vote on behalf of a member mentioning his registration number of POA registered with the Company or enclosing an attested copy of POA.
5. The right of voting by ballot form shall not be exercised by a Proxy.
6. In case shares are held by Companies, financial institutions, trusts, societies etc, the duly completed ballot form should be accompanied by a certified true copy of the relevant Board Resolution/ Authorisation.
7. Votes should be cast in case of each resolution, either in favour or against by putting the tick (√) mark in the column provided for assent / dissent in the Ballot.
8. The voting rights of shareholders shall be in proportion to the shares held by them in the Company as on the cut off date i.e 7th September, 2016.
9. A member may request for a duplicate ballot form, if so required. However the duly filled in and signed duplicate form should reach the scrutinizer on or before 14th September 2016, by 5.00 p.m
10. In the event a Member casts his votes through both processes, i.e E- voting and Ballot form, the votes cast through e voting shall prevail and Ballot form shall be treated as invalid.
11. Unsigned, incomplete or incorrectly ticked forms will be rejected and the decision of the Scrutiniser shall be final.

KEY FINANCIAL PARAMETERS AT A GLANCE





If undelivered please return to

THE SOUTH INDIA PAPER MILLS LIMITED

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