
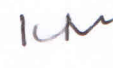
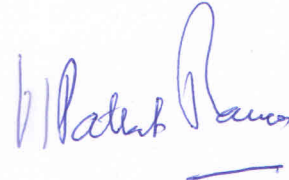


# SERVALAKSHMI PAPER LIMITED



## FORM A

1	Name of the Company	Servalakshmi Paper Limited
2	Annual Financial Statement for the year ended	31 <sup>st</sup> March 2015
3	Type of Audit Observation	Un-qualified
4	Frequency of observation	N.A.
5	To be Signed by-  • CEO / Managing Director  • Auditor of the Company  • Audit Committee Chairman	      

16





# **SERVALAKSHMI PAPER LIMITED**

**10**<sup>TH</sup> ANNUAL  
REPORT  
2014-2015

# Contents

.....

<b>Company Information</b>	<b>2</b>
<b>Notice to Members</b>	<b>3</b>
<b>Management Discussion and Analysis</b>	<b>10</b>
<b>Directors Report</b>	<b>12</b>
<b>Report on Corporate Governance</b>	<b>41</b>
<b>Report of the Auditors</b>	<b>53</b>
<b>Balance Sheet</b>	<b>58</b>
<b>Statement of Profit and Loss</b>	<b>59</b>
<b>Cash Flow Statement</b>	<b>60</b>
<b>Notes on the Financial Statements</b>	<b>61</b>

Annual General Meeting on Friday, the 25th September 2015 at 09.15 a.m

# SERVALAKSHMI PAPER LIMITED

CIN: L21012TN2005PLC092783

*Executive Chairman*

**Sri. R. Ramswamy** (DIN - 00010572)

*Managing Director*

**Sri. Y. Shivaram Prasad** (DIN - 00010734)

*Directors*

**Sri. D. Muthusamy** (DIN - 00010588)

**Sri. S. Srinivasaragavan** (DIN - 00233784)

**Sri. V.S. Pattabiraman** (DIN - 00784247)

**Sri. B. Sriramulu** (DIN - 00002560)  
(Upto 01.07.2015)

**Smt. Nithya Nirupama** (DIN - 02130272)  
(Upto 13.07.2015)

*Statutory Auditors*

**M/s. S. Krishnamoorthy & Co.**  
**Chartered Accountants**  
**Coimbatore**  
ICAI Registration No.01496S

*Registered Office &  
Plant Location*

**Kodaganallur Village,**  
**Vaduganpatti Post,**  
**I.C.Pettai, Tirunelveli - 627 010.**  
**Web site : [www.servalakshmi.in](http://www.servalakshmi.in)**

*Corporate Office*

**31 (Old No. 10-Z), Bharathi Park,**  
**VII Cross, Saibaba Colony,**  
**Coimbatore - 641 011**  
**Tamilnadu, India**

*Bankers*

**Indian Overseas Bank**  
**Bank of India**

## Notice to Members

NOTICE is hereby given that the 10th Annual General Meeting of the Shareholders of the Company will be held on Friday, 25th September 2015 at 9.15 AM at the Registered Office of the Company situated at Kodaganallur Village, Vaduganpatti Post, I C Pettai, Tirunelveli – 627 010 to transact the following business:

### AGENDA

#### I. Ordinary Business

1. To consider and adopt the Audited Financial Statements including Statement of Profit and loss, cash flow statement for the financial year ended 31st March, 2015, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. R. Ramswamy (holding DIN: 00010572) who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the appointment of the Auditors and to fix their remuneration and in this regard to pass the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 139(1) and 142 (1) of the Companies Act, 2013, the appointment of M/s.S.Krishnamoorthy & Co (Firm Registration No.001496S) Chartered Accountants, Coimbatore as the Statutory Auditors of the company for the financial year 2015-16 be and is hereby ratified, on such remuneration as may be determined by the Board of Directors of the Company."

#### II. Special Business

4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Mr.S.Thangavelu, Cost Accountant (Membership No. 11315), appointed by the Board of Directors as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016, on a remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) (exclusive of service tax and out-of pocket expenses) be and is hereby ratified and confirmed."

# SERVALAKSHMI PAPER LIMITED

## STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE

### Item No. 4

The Board of Directors of the Company have approved the appointment and remuneration of Mr. S.Thangavelu, ACMA, Cost Accountant, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditor.

The Board recommends the Ordinary Resolution as set out at Item no. 4 for the approval of the Members.

None of the Directors and Key Managerial Personnel are concerned or interested (financially or otherwise) in this Resolution.

By order of the Board  
For Servalakshmi Paper Limited

Coimbatore  
10th August, 2015

(Sd/-)  
**R. RAMSWAMY**  
Executive Chairman  
(DIN : 00010572)

### NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (the "meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company.

The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

## 10th ANNUAL REPORT

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms a part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment / re-appointment.
5. The register of members and share transfer books of the company will remain closed from 19.09.2015 to 25.09.2015. (both days inclusive).
6. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/ RTA.
7. The Ministry of Corporate Affairs (vide Circular nos 17 / 2011 and 18 / 2011 dated 21st April 2011 and 29th April 2011 respectively) has undertaken a "Green Initiative" in Corporate Governance and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses in respect of shares held in dematerialized form with their respective depository participants and in respect of shares held in physical form with Link Intime India Private Limited, Coimbatore.
8. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
9. Members holding shares in physical form are requested to convert their holdings to dematerialized form to eliminate all risks associated with Physical shares.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in Physical form can submit their PAN to the Company or to M/s Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, IInd Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.
11. The members are requested to forward their share transfer deed(s) and other communications directly to the Registrar and share transfer agent of the company M/s Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, IInd Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.
12. Electronic copy of the Annual Report for 2015, the Notice of the 10th Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being

## SERVALAKSHMI PAPER LIMITED

sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015 is being sent in the permitted mode.

13. Members are requested to note that the venue of the 10th Annual General Meeting is the Registered Office of the Company situated at Kodaganallur Village, Vaduganpatti Post, I C Pettai, Tirunelveli – 627 010 and the route map containing the complete particulars of the venue is attached to this Notice.
14. Voting through electronic means:
  - I. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the facility to exercise their right to vote at the 10th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).
  - II. The Facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting may exercise their vote through polling paper at the meeting.
  - III. The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again

The instructions for members for voting electronically are as under:-

- i. The voting period begins on Tuesday, 22.09.2015 at 9.00 A.M. and ends on Thursday, 24.09.2015 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Click on Shareholders.
- iv. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:



<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the relevant 'SERVALAKSHMI PAPER LIMITED' on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

# SERVALAKSHMI PAPER LIMITED

## xviii. Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

- IV. 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 of 18th September 2015.
- V. M/s. MDS & Associates, Company Secretaries, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The Results shall be declared within 3 days of the conclusion of the Annual General Meeting. The results declared along with the Consolidated Scrutinizer’s Report shall be placed on the Company’s website [www.servalakshmi.in](http://www.servalakshmi.in) and on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the Company’s shares are listed.

The notice of the Annual General Meeting and this communication are also available on the website of the Company [www.servalakshmi.in](http://www.servalakshmi.in).

# 10th ANNUAL REPORT

Pursuant to Secretarial Standard - 2 (SS-2) on “General Meetings”, and Clause 49 (IV) (G) of the listing agreement the particulars of appointment of Directors at the Annual General Meeting, are given hereunder.

Name	Mr R Ramswamy
DIN	00010572
Date of Birth	15/03/1939
Date of appointment on the Board	03.11.2005
Inter-se relationship with other directors	Mr.Y.Shivaram Prasad is the son-in law of Mr.R.Ramswamy.
Qualification	B E
Expertise in area	He is a renowned paper technologist and has over 41 years of experience in the industry. His strong market understanding, quick response with various product mixes have ensured the Company a strong presence in all the segments of paper industry.
No. of shares held	1957000 shares
Board position held	Executive Chairman
Terms and conditions of appointment / re-appointment	Appointed as Executive Chairman for a period of three years with effect from 01.01.2014.
Remuneration	Rs.48,00,000/- per annum
No. of Board Meeting attended during the year	4
Directorships held in other companies	1. Danalakshmi Paper Mills Private Limited 2. Servall Engineering Works Private Limited
Chairmanship / Membership in other Committees of the Board	Nil

By order of the Board  
For Servalakshmi Paper Limited

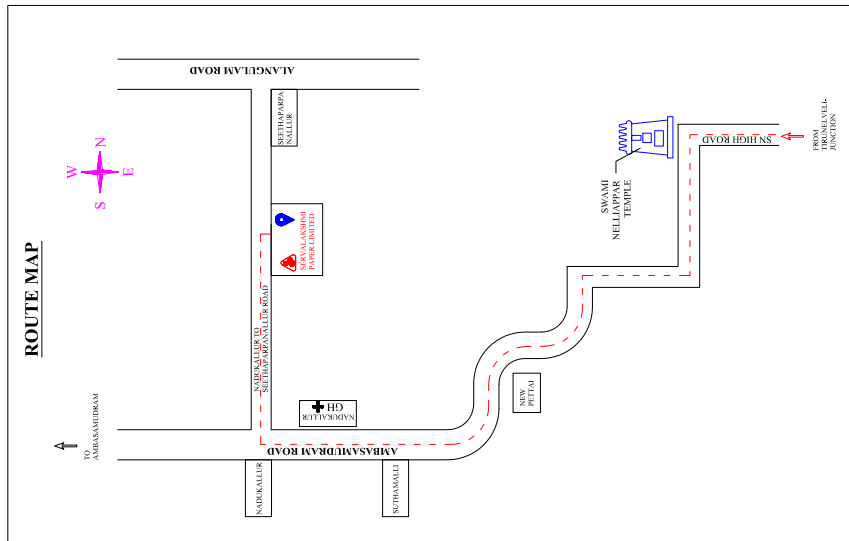
(Sd/-)

**R. RAMSWAMY**

Executive Chairman

(DIN : 00010572)

Coimbatore  
10th August, 2015



# **SERVALAKSHMI PAPER LIMITED**

## **Management Discussion and Analysis**

In recent years, the paper industry has a vital role to participate in socio-economic development of the country. The per capita consumption of paper is an indicator for country's modernization. The paper is century old, and still the installed capacity is rapidly increasing every year. The conscious effort of the Indian entrepreneurs in improving the quality of the paper, enabled the paper industry to compete with that of the developed countries. The anticipation for the steady growth will prevail next five years.

### **REVIEW OF BUSINESS**

#### **INDUSTRY SCENARIO**

The Indian paper industry has grown in an organized and planned way with challenges of competition from the developed countries and import challenges. The Indian paper industry is ranked among the top 15 global paper industries.

The production tonnage of the paper industry ranging from 10 tonnes to 800 tonnes per day. The present per capita consumption of 9.0 kg still to be increased in comparing with developed countries.

The production of news print and its demand has taken steep growth in recent years and even after the china pushing its surplus in to Indian market. The continuous maintenance of quality coupled with the increase in production speed, anticipated for a steady growth for the paper industry for the forth coming years.

#### **OUTLOOK, RISKS, CONCERNS, OPPORTUNITIES AND THREATS**

The bottlenecks of good quality of raw materials and its high cost due to bulk import of waste paper to bridge the gap of short supply of raw materials domestically are posed pressure to the paper industry in recent years. Also no rehabilitations packages for paper manufacturing units, which are sick or lying sick. The Rs.22000/- crore paper industry in India, rated 15th largest in world engaged about 1.5 million people. Government has given paper industry as one of the 35 high-priority lists. India also, imports bulk of newsprint from foreign countries because of increase in domestic consumption. It has been estimated that domestic demand will increase at 15% per year for the next three to four years.

Due to non availability of working capital and huge debt burden the company, was forced to cut down its production and hence there was 19% decline in production during the year as compared to last year. The company is in the process of negotiating with the banks for a one time settlement in order to cope the existing cash flow generation in servicing the interest & dues and achieve profitability.

The company has a huge potentials and prospects in coming years to manufacture and compete in paper market globally. The demand for writing and printing is rapidly increasing and expected to adopt continuous development in production and quality in coming years.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Internal Control Systems of our Company ensure reliability and integrity of the financial and operational information and Statutory Compliance. Our Internal Auditors carry on periodic audits in all the functional areas and submit their reports to the management. The management reviews the Internal Audit report and

ensures immediate corrective measures. The Audit Committee of the Company also periodically reviews the observations of the internal Audit. Annual corporate business plan with division-wise breakup is laid out every year. In line with this plan, capital and revenue expenditure budgets are determined and the actual expenditure is monitored by the Finance head directly for effective control.

By order of the Board  
For Servalakshmi Paper Limited

Coimbatore  
10th August, 2015

(Sd/-)  
**R. RAMSWAMY**  
Executive Chairman  
(DIN : 00010572)

# SERVALAKSHMI PAPER LIMITED

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in submitting the Tenth Annual Report of the Company together with the Audited Accounts for the financial year ended 31st March 2015.

### FINANCIAL HIGHLIGHTS

The summarized financial results are as under :

	Year ended 31st March 2015	Year ended 31st March 2014
	₹ in lacs	₹ in lacs
1. Revenue from operations	17981.73	22224.02
2. Other income	639.37	743.41
3. Total Expenditure before Interest & Depreciation	18590.93	21120.72
<b>EBITDA</b>	<b>30.17</b>	<b>1846.71</b>
4. Finance Charges	3212.74	3529.15
5. Depreciation	1027.12	1364.10
6. Profit before Tax	(4209.69)	(3046.54)
7. Provision for Taxation	—	—
<b>8. Net Profit (before Exceptional / Extraordinary items)</b>	<b>(4209.69)</b>	<b>(3046.54)</b>
9. Exceptional/ Extraordinary items	—	220.07
<b>10. Net Profit</b>	<b>(4209.69)</b>	<b>(2826.47)</b>

### OPERATIONS

The turnover of the Company is Rs.180 Crores compared to Rs.222 Crores in the previous year. We expect to improve the production and sales in the forthcoming year 2015-16.

There has been no change in the nature of business of the Company during the year under review.

### TRANSFER TO RESERVES

Due to losses, the Company is unable to transfer any amount to its Reserves.

### DIVIDEND

No dividend has been declared in the financial year under review having regard to the losses incurred by the company during the year.

## **SHARE CAPITAL**

The paid-up capital of the Company as at 31.03.2015 stood at Rs.43,11,36,560/- . During the year under review the Company has not made any fresh issue of shares.

## **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The Company has not declared any dividend in the past and hence transfer of unclaimed Dividend to Investor Education and Protection fund does not arise.

## **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is furnished in **Annexure A** and is attached to this report.

## **BOARD / COMMITTEE MEETINGS CONDUCTED DURING THE PERIOD UNDER REVIEW**

During the year under review, 4 Meetings of the Board of directors, 4 Meetings of the Audit Committee, 2 Meetings of the Nomination and Remuneration Committee and 4 Meeting of the Stakeholders Relationship Committee were held. Further details of the same have been enumerated in the Corporate Governance Report annexed herewith.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134(3)(c) of the Companies Act 2013, with respect to Directors' Responsibility Statement, the Directors confirm that -

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure from those standards;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- c) they have taken Proper and sufficient care for 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;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) they had devised proper system to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively;

## **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

There have been no frauds reported by the Auditors pursuant to Section 143(12) of the Companies Act, 2013.

# SERVALAKSHMI PAPER LIMITED

## DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

## COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND OTHER MATTERS PROVIDED UNDER SECTION 178(3) OF THE COMPANIES ACT, 2013

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company. The Remuneration policy of the Company is annexed herewith as **Annexure B** and can also be accessed on the Company's website at the link [www.servalakshmi.in/Facilities.html](http://www.servalakshmi.in/Facilities.html).

## COMMENTS ON AUDITORS' REPORT:

With regard to the observations of the Statutory Auditors on the complete erosion of the net worth, your directors are of the view that this will not have any adverse effect since concerted efforts are being taken by the management to tide over the situation.

In respect of the qualification(s) made by the Secretarial Auditor in his Report, your Directors wish to state as under;

Sl. No.	Qualification	Reply
1	The Company has not appointed Chief Financial Officer and Company Secretary after the resignation of Mr. G.V. Ramana as Chief Financial Officer w.e.f. 22.01.2015, and Ms.Praveena Dhanagopal as Company Secretary w.e.f 11.02.2015.	The Company is in the process of appointing and complying with the provisions.
2	The financial statements indicate that the Company has accumulated losses and its net worth has been fully eroded and accordingly the Company is a "Sick Industrial Company" within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. The Company has made a reference to the BIFR under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985, in view of the erosion of the entire net worth of the Company.	Considering the accumulated losses and present financial situations, the company has made an application to the Board for Industrial and Financial Reconstruction (BIFR) in order to achieve a financial rehabilitation.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of every contract and arrangement 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 are disclosed in Form No. AOC -2 and forms part of this Report.



The Policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website and may be accessed through the link at [www.servalakshmi.in/Facilities.html](http://www.servalakshmi.in/Facilities.html).

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure C** and is attached to this report.

## **STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company has a structured risk management policy. The Risk management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventoried and integrated with the management process such that they receive the necessary consideration during decision making

## **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

## **ANNUAL EVALUATION OF THE BOARD ON ITS OWN PERFORMANCE AND OF THE INDIVIDUAL DIRECTORS AND COMMITTEES**

As per the requirements of the Companies Act, 2013 and the clause 49 of the listing agreement, the formal annual evaluation of the Board as a whole, its committees and individual directors was conducted based on the criteria and framework adopted by the Board. The evaluation process include an assessment of each director's eligibility, skills and knowledge and the Board is satisfied that all the Directors on the Board are competent and have the necessary experience to effectively execute their duties.

The Board also evaluated the working of the Committees and the Board expressed its satisfaction on the quality, quantity and timeliness of the flow of the information between the Committees and the Board.

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

During the year under review, the members have approved the appointment of Mr.S.Srinivasaraghavan, Mr. V.S.Pattabiraman and Mr.D.Muthusamy as the Independent Directors of the Company for a period of five years.

# **SERVALAKSHMI PAPER LIMITED**

Mr. Y.Rambabu resigned as Whole time Director of the company with effect from 09th August, 2014. The Board places on record its appreciation for the services rendered by Mr.Y.Rambabu during his tenure with the company.

Mr.D.V.A.Manoharan ceased to be a director of the company with effect from 25th April 2014 due to death. The Board places on record the appreciation for Mr.D.V.A.Manoharan's fruitful association with the company.

Mr.B.Sriramulu resigned from the directorship of the company with effect from 01.07.2015. The Board records its appreciation for his association with the company.

The Board at its Meeting held on 8th November, 2014, appointed Mrs. Nithya Nirupama as an Additional Director and Independent Director. Subsequently she resigned from the Directorship of the company with effect from 13.07.2015. The Board records its appreciation for her association with the company

Mr. G.V.Ramana resigned as the Chief Financial Officer of the company with effect from 22nd January, 2015. The Board thanks him for the services rendered during his tenure as CFO.

Ms. Praveena Dhanagopal resigned as the Company Secretary and Compliance Officer of the company with effect from 11th February, 2015. The Board thanks her for providing valuable guidance to the company during her tenure.

As per the provisions of the Companies Act, 2013, Mr.R.Ramswamy, Executive Chairman of the company, retires at this Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his re-appointment.

## **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiaries, Joint ventures or Associate Companies.

## **FIXED DEPOSITS**

Since the Company has not accepted any fixed deposits covered under Chapter V of the Companies Act, 2013, there are no deposits remaining unclaimed or unpaid as on 31st March 2015 and accordingly, the question of default in repayment of deposits or payment of interest thereon, during the year, does not arise.

## **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

There is no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The Company periodically reviews the adequacy and effectiveness of the control systems.

The Audit committee of the Board reviews internal control systems and their adequacy, significant risk areas, observations made by the internal auditors on control mechanism and the operations of the company, recommendations made for corrective action and the internal audit reports. The committee reviews with the statutory auditors and the management, key issues, significant processes and accounting policies.

## AUDITORS

### STATUTORY AUDITORS

M/s. S.Krishnamoorthy & Co., Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the company for a period of three years at the Annual General Meeting held on 26th September 2014. Pursuant to the provisions of Section 139 of the Companies Act, 2013, the ratification of their appointment is to be done at the ensuing Annual General Meeting. The Company has obtained written confirmation from the Auditors to the effect that the ratification of their appointment if made would be in conformity with the provisions of Companies Act, 2013. Members are requested to ratify their appointment.

### SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr.M.D.Selvaraj, MDS & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The report of the Secretarial report is annexed herewith as **Annexure D** to this report.

### COST AUDITORS

The Board of Directors on the recommendation of the Audit Committee, have appointed Mr.S.Thangavelu, Cost Accountant, as the Cost Auditor of the company for the financial year 2015-16.

Pursuant to Section 148 of the Companies Act 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditor is subject to the approval of the members in a general meeting. The Board recommends the ratification of his remuneration.

Pursuant to Section 209(1)(d) of the Companies Act, 1956, the Cost Audit Report for the financial year ended 31st March 2014 was submitted to the Central Government on 20.02.2015.

### PARTICULARS OF EMPLOYEES

The disclosure as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **Annexure E** and is attached to this report.

The disclosure referred to the Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 does not apply to the Company as there were no employees who are in receipt of remuneration in the aggregate at the rate of not less than Rs.60,00,000/- if employed throughout the year or Rs.5,00,000/- per month if employed for part of the year.

# **SERVALAKSHMI PAPER LIMITED**

## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee during the financial year 2014-15.

## **CORPORATE GOVERNANCE**

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as Auditor's Certificate regarding compliance of conditions of Corporate Governance forms part of this Annual Report.

## **(VIGIL MECHANISM) WHISTLE BLOWER POLICY**

The Company has provided for adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behavior or any violation of the Company's code of conduct. The policy can be accessed on the Company's website at [www.servalakshmi.in/Facilities.html](http://www.servalakshmi.in/Facilities.html).

## **CAUTIONARY NOTE**

The statements in this Director's Report & Management Discussions and Analysis contain forward looking statements regarding Company's projections & expectations and the actual results could differ materially from those expressed on account of various factors like raw material prices, change in demand, government regulation etc., and the readers are cautioned against placing undue reliance on the same.

## **ACKNOWLEDGEMENT**

Your Directors take this opportunity to place on record their appreciation for the dedication and commitment of its employees at all levels. Your directors thank and express their gratitude for the support and co-operation received from the CDR EG, Central and State Governments, Bankers, Customers, Distributors, Dealers, Suppliers, Shareholders, etc., for their continued faith, support and co-operation.

By order of the Board  
For Servalakshmi Paper Limited

Coimbatore  
10th August, 2015

(Sd/-)  
**R. RAMSWAMY**  
Executive Chairman  
(DIN : 00010572)

## FORM NO. MGT-9

**EXTRACT OF THE ANNUAL RETURN  
as on the Financial year ended 31.03.2015**

[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:	<b>L21012TN2005PLC092783</b>
ii)	Registration Date	03-11-2005
iii)	Name of the Company	<b>SERVALAKSHMI PAPER LIMITED</b>
iv)	Category/sub category of the Company	Public limited Company /Limited by shares
v)	Address of the Registered office and contact details	Kodaganallur Village Vaduganpatti Post, I.C.Pettai Tirunelveli-627010 PH.NO.: 0462-2568500 Email ID: secretarial@servalakshmi.in Website: www.servalakshmi.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	LINK INTIME INDIA PVT. LTD Coimbatore Branch No.35, Mayflower Avenue Sowripalayam Road Coimbatore-641028 Ph.No.:0422-2314792 Fax No. 0422-2314792 Email ID: Coimbatore@linkintime.co.in

**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:-

S. No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	News Print Paper	1701	65%
2	Writing & Printing Paper	1701	35%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled]**

The Company does not have a Holding, Subsidiary or Associate Companies.

# SERVALAKSHMI PAPER LIMITED

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4005668	—	4005668	9.29	4005668	—	4005668	9.29	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	18418332	—	18418332	42.72	18418332	—	18418332	42.72	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
<b>Sub Total (A)(1)</b>	<b>22424000</b>	<b>—</b>	<b>22424000</b>	<b>52.01</b>	<b>22424000</b>	<b>—</b>	<b>22424000</b>	<b>52.01</b>	<b>—</b>
<b>2. Foreign</b>									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Others - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corporate	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any other...	—	—	—	—	—	—	—	—	—
<b>Sub Total (A)(2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>22424000</b>	<b>—</b>	<b>22424000</b>	<b>52.01</b>	<b>22424000</b>	<b>—</b>	<b>22424000</b>	<b>52.01</b>	<b>—</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(1):-</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	5911892	507938	6419830	14.89	6520198	507938	7028136	16.30	1.41
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4436212	10	4436222	10.29	4316080	10	4316090	10.01	(0.28)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	9564472	—	9564472	22.18	8898822	—	8898822	20.64	(1.54)
c) Others	—	—	—	—	—	—	—	—	—
Clearing Members	188127	—	188127	0.44	363580	—	363580	0.84	0.40
Non Resident Indians	81005	—	81005	0.19	83028	—	83028	0.19	—
<b>Sub-total (B)(2):-</b>	<b>20181708</b>	<b>507948</b>	<b>20689656</b>	<b>47.99</b>	<b>20181708</b>	<b>507948</b>	<b>20689656</b>	<b>47.99</b>	<b>—</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>20181708</b>	<b>507948</b>	<b>20689656</b>	<b>47.99</b>	<b>20181708</b>	<b>507948</b>	<b>20689656</b>	<b>47.99</b>	<b>—</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>42605708</b>	<b>507948</b>	<b>43113656</b>	<b>100</b>	<b>42605708</b>	<b>570948</b>	<b>43113656</b>	<b>100</b>	<b>—</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Danalakshmi Paper Mills Pvt. Ltd	13583302	31.51	—	13583302	31.51	100	—
2	Servall Engineering Works Pvt.Ltd	4835030	11.21	—	4835030	11.21	100	—
3	R Ramswamy	1957000	4.54	—	1957000	4.54	100	—
4	Y Shivaram Prasad	1834080	4.25	—	1834080	4.25	100	—
5	R Jeevanlatha	214588	0.50	—	214588	0.50	100	—
	Total	22424000	52.01	—	22424000	52.01	100	—

## iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	There has been no change in Share holding of the Promoters during the year			
2	Increase / Decrease in Promoters Shareholding during the year				
3	At the end of the year				

# SERVALAKSHMI PAPER LIMITED

## iv) Shareholding Pattern of top ten Shareholders:

Sl. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ARUNACHALAM.V.				
	At the beginning of the year	2002420	4.64	2002420	4.64
	Transfer of Shares as on 08.08.2014	(500)	0.00	2001920	4.64
	Transfer of Shares as on 22.08.2014	260	0.00	2002180	4.64
	At the end of the year	2002180	4.64	2002180	4.64
2	ICL SECURITIES LIMITED				
	At the beginning of the year	1693783	3.93	1693783	3.93
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	1693783	3.93	1693783	3.93
3	YASHI INDUSTRIES PRIVATE LIMITED				
	At the beginning of the year	1395405	3.24	1395405	3.24
	Transfer of shares as on 22.08.2014	149071	0.34	1544476	3.58
	Transfer of shares as on 31.12.2014	119252	0.28	1663728	3.86
	At the end of the year	1663728	3.86	1663728	3.86
4	BANNARI AMMAN EXPORTS LTD				
	At the beginning of the year	1015877	2.36	1015877	2.36
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	1015877	2.36	1015877	2.36
5	PATLLOLLU SAI REDDY				
	At the beginning of the year	913773	2.12	913773	2.12
	Transfer of shares as on 13.06.2014	5000	0.01	918773	2.13
	Transfer of shares as on 20.06.2014	8000	0.02	926773	2.15
	Transfer of shares as on 30.06.2014	6000	0.01	932773	2.16
	Transfer of shares as on 04.07.2014	16433	0.04	949206	2.20
	Transfer of shares as on 11.07.2014	8000	0.02	957206	2.22
	Transfer of shares as on 18.07.2014	3800	0.01	961006	2.23
	Transfer of shares as on 25.07.2014	1800	0.00	962806	2.23
	Transfer of shares as on 05.09.2014	2500	0.01	965306	2.24
	Transfer of shares as on 12.09.2014	2025	0.00	967331	2.24
	Transfer of shares as on 19.09.2014	8285	0.02	975616	2.26
	Transfer of shares as on 30.09.2014	3326	0.01	978942	2.27
	Transfer of shares as on 03.10.2014	2000	0.00	980942	2.28
	Transfer of shares as on 10.10.2014	1526	0.00	982468	2.28



# 10th ANNUAL REPORT

Sl. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Transfer of shares as on 17.10.2014	6652	0.02	989120	2.29
	Transfer of shares as on 24.10.2014	2000	0.00	991120	2.30
	Transfer of shares as on 31.10.2014	21282	0.05	1012402	2.35
	Transfer of shares as on 07.11.2014	4905	0.01	1017307	2.36
	Transfer of shares as on 14.11.2014	412	0.00	1017719	2.36
	Transfer of shares as on 21.11.2014	1000	0.00	1018719	2.36
	Transfer of shares as on 28.11.2014	3860	0.01	1022579	2.37
	Transfer of shares as on 31.12.2014	3116	0.01	1025695	2.38
	Transfer of shares as on 06.02.2015	200	0.00	1025895	2.38
	Transfer of shares as on 13.02.2015	(25100)	(0.06)	1000795	2.32
	Transfer of shares as on 20.02.2015	(40500)	(0.09)	960295	2.23
	Transfer of shares as on 06.03.2015	(24200)	(0.06)	936095	2.17
	Transfer of shares as on 13.03.2015	(76400)	(0.18)	859695	1.99
	Transfer of shares as on 20.03.2015	(32400)	(0.08)	827295	1.92
	Transfer of shares as on 27.03.2015	(26000)	(0.06)	801295	1.86
	At the end of the year	801295	1.86	801295	1.86
6	MANIKYAMMA				
	At the beginning of the year	812331	1.88	812331	1.88
	Transfer of shares as on 20.06.2014	2000	0.00	814331	1.89
	Transfer of shares as on 30.06.2014	5000	0.01	819331	1.90
	Transfer of shares as on 25.07.2014	2400	0.01	821731	1.91
	Transfer of shares as on 29.08.2014	1469	0.00	823200	1.91
	Transfer of shares as on 05.09.2014	1800	0.00	825000	1.91
	Transfer of shares as on 03.10.2014	500	0.00	825500	1.91
	Transfer of shares as on 07.11.2014	4141	0.01	829641	1.92
	Transfer of shares as on 13.02.2015	(27500)	(0.06)	802141	1.86
	Transfer of shares as on 20.02.2015	(33500)	(0.08)	768641	1.78
	Transfer of shares as on 06.03.2015	(5800)	(0.01)	762841	1.77
	Transfer of shares as on 13.03.2015	(59000)	(0.14)	703841	1.63
	Transfer of shares as on 20.03.2015	(65200)	(0.15)	638641	1.48
	Transfer of shares as on 27.03.2015	(37900)	(0.09)	600741	1.39
	At the end of the year	600741	1.39	600741	1.39
7	ARUN SELVARAJ				
	At the beginning of the year	760000	1.76	760000	1.76
	Increase /Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	760000	1.76	760000	1.76

# SERVALAKSHMI PAPER LIMITED

Sl. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	<b>PURUSHOTTAM C MANDHANA</b>				
	At the beginning of the year	714082	1.66	714082	1.66
	Increase /Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	714082	1.66	714082	1.66
9	<b>ANNAMALAI ENTERPRISES LIMITED</b>				
	At the beginning of the year	676923	1.57	676923	1.57
	Increase /Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	676923	1.57	676923	1.57
10	<b>CELLPAP MERCANTILE PRIVATE LIMITED **</b>				
	At the beginning of the year	338953	0.79	338953	0.79
	Increase /Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	338953	0.79	338953	0.79
11	<b>M/S.BELA PROPERTIES PRIVATE LTD ##</b>				
	At the beginning of the year	45646	0.11	45645	0.11
	Transfer of shares as on 25.07.2014	7765	0.02	53411	0.12
	Transfer of shares as on 01.08.2014	22219	0.06	75630	0.18
	Transfer of shares as on 08.08.2014	39600	0.09	115230	0.27
	Transfer of shares as on 15.08.2014	27266	0.06	142496	0.33
	Transfer of shares as on 22.08.2014	33325	0.08	175821	0.41
	Transfer of shares as on 29.08.2014	22415	0.05	198236	0.46
	Transfer of shares as on 05.09.2014	37404	0.09	235640	0.55
	Transfer of shares as on 12.09.2014	17561	0.04	253201	0.59
	Transfer of shares as on 19.09.2014	(2957)	(0.01)	250244	0.58
	Transfer of shares as on 30.09.2014	21634	0.05	271878	0.63
	Transfer of shares as on 03.10.2014	1100	0.00	272978	0.63
	Transfer of shares as on 10.10.2014	13512	0.03	286490	0.66
	Transfer of shares as on 17.10.2014	24689	0.06	311179	0.72
	Transfer of shares as on 24.10.2014	2247	0.01	313426	0.73
	Transfer of shares as on 31.10.2014	11245	0.02	324671	0.75
	Transfer of shares as on 14.11.2014	2010	0.00	326681	0.76
	Transfer of shares as on 21.11.2014	27230	0.06	353911	0.82
	Transfer of shares as on 28.11.2014	26995	0.06	380906	0.88
	Transfer of shares as on 05.12.2014	9925	0.03	390831	0.91
	Transfer of shares as on 12.12.2014	11030	0.03	401861	0.93
	Transfer of shares as on 19.12.2014	10586	0.02	412447	0.96

Sl. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Transfer of shares as on 31.12.2014	14597	0.03	427044	0.99
	Transfer of shares as on 02.01.2015	9729	0.02	436773	1.01
	Transfer of shares as on 09.01.2015	8961	0.02	445734	1.03
	Transfer of shares as on 16.01.2015	15117	0.04	460851	1.07
	Transfer of shares as on 23.01.2015	29818	0.07	490669	1.14
	Transfer of shares as on 30.01.2015	13654	0.03	504323	1.17
	Transfer of shares as on 06.02.2015	5431	0.01	509754	1.18
	Transfer of shares as on 27.03.2015	27921	0.07	537675	1.25
	At the end of the year	537675	1.25	537675	1.25

\*\* Ceased to be in the list of Top 10 shareholder as on 31.03.2015. The same is reflected above since the shareholder was one of the Top 10 share holder as on 31.03.2014.

## Not in the list of Top 10 shareholders as on 31.03.2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2015.

#### v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	BALAKRISHNAN SRIRAMULU				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
2	RANGASWAMY RAMSWAMY				
	At the beginning of the year	1957000	4.54	1957000	4.54
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	1957000	4.54	1957000	4.54
3	YARLAGADA SHIVARAMPRASAD				
	At the beginning of the year	1834080	4.25	1834080	4.25
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	1834080	4.25	1834080	4.25
4	DURASAMYNAIDU MUTHUSAMY				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—

# SERVALAKSHMI PAPER LIMITED

Sl. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	SRINIVASAN SRINIVASA RAGAVAN				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
6	VALLAVANUR SUBRAMANIAM PATTABIRAMAN				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
7	MAHADEVAN NITHYA NIRUPAMA				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
8	D V A MANOHARAN **				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
9	Y RAMBABU ^				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
10	PRAVEENA DHANAGOPAL *				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—
11	G V RAMANA #				
	At the beginning of the year	—	—	—	—
	Increase /Decrease in Shareholding during the year	—	—	—	—
	At the end of the year	—	—	—	—

\*\* Expired on 25.04.2014

^ Resigned on 09.08.2014

\* Resigned on 11.02.2015

# Resigned on 22.01.2015

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in lakhs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	35,997.91	—	84.65	36,082.56
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>35,997.91</b>	<b>—</b>	<b>84.65</b>	<b>36,082.56</b>
Change in Indebtedness during the financial year				
* Addition	1,666.84	1,583.00	—	3,249.84
* Reduction	511.00	162.50	5.00	678.50
<b>Net Change</b>	<b>1,155.84</b>	<b>1,420.50</b>	<b>(5.00)</b>	<b>2,571.34</b>
Indebtedness at the end of the financial year				
i) Principal Amount	37,153.75	1,420.50	79.65	38,653.90
ii) Interest due but not paid	957.27	—	—	957.27
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>38,111.02</b>	<b>1,420.50</b>	<b>79.65</b>	<b>39,611.17</b>

**VI. Remuneration of Directors and Key Managerial Personnel**

**(A) Remuneration to Managing Director, Whole Time Directors and/or Manager:**

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr.R.Ramswamy Executive Chairman	Mr.Y.Shivaramprasad Managing Director	Mr.Y.Rambabu * Executive Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48.00	48.00	3.69	99.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	0.03	0.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission - as % of profit - others	—	—	—	—
5	Others	—	—	—	—
	<b>Total (A)</b>	<b>48.00</b>	<b>48.00</b>	<b>3.72</b>	<b>99.72</b>
	Ceiling as per the Act	60.00	60.00	60.00	

Note: \* Resigned on 09.08.2014

# SERVALAKSHMI PAPER LIMITED

## (B) Remuneration to other directors

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr.B.Sriramulu	D.Muthusamy	Mr.S.Srinivasa Ragavan	Mr.V.S.Pattabiraman	Ms..M.Nithya.Nirupama	
1	Independent Directors						
	Fee for attending board / committee meetings	—	0.40	0.40	0.30	0.10	1.20
	Commission	—	—	—	—	—	—
	Others	—	—	—	—	—	—
	Total (1)	—	0.40	0.40	0.30	0.10	1.20
2	Other Non-Executive Directors						
	Fee for attending board / committee meetings	0.30	—	—	—	—	0.30
	Commission	—	—	—	—	—	—
	Others	—	—	—	—	—	—
	Total (2)	0.30	—	—	—	—	0.30
	Total (B)=(1+2)	0.30	0.40	0.40	0.30	0.10	1.50
	Total Managerial Remuneration (A+B)						101.22
	Ceiling as per the Act (@ 1% of Profits calculated u/s198 of the Companies Act, 2013)	Not exceeding Rs.1 Lakh per meeting	Not exceeding Rs.1 Lakh per meeting	Not exceeding Rs.1 Lakh per meeting	Not exceeding Rs.1 Lakh per meeting	Not exceeding Rs.1 Lakh per meeting	

## (C) Remuneration to Key Management Personnel other than MD / Manager / WTD (Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CS	CFO	
		Mrs.Praveena Dhanagopal *	Mr. G.V. Ramana *	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.52	19.15	26.67
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	0.27	0.27
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CS	CFO	
		Mrs.Praveena Dhanagopal *	Mr. G.V. Ramana *	
4	Commission	—	—	—
	- as % of profit	—	—	—
	others	—	—	—
5	Others	—	—	—
	<b>Total</b>	<b>7.52</b>	<b>19.42</b>	<b>26.94</b>

Note: \* CS – Resigned on 11.02.2015  
 \* CFO – Resigned on 22.01.2015

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

**NOMINATION AND REMUNERATION POLICY****Introduction:**

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee in Compliance with Section 178 of the Companies Act, 2013 and the rules made thereunder and Clause 49 of the Listing Agreement and approved by the Board of Directors.

**Definitions:**

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

**“Key Managerial Personnel” (KMP) means:**

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the company who are members of its core management team excluding Board of Directors.

**Objectives of the Committee:****The Committee shall:**

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- iii. Identify persons who are qualified to become Director(s) and persons who may be appointed in Key Managerial positions and Senior Management positions in accordance with the criteria laid down in this policy.

**General Appointment Criteria:**

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.



- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder.

**Term / Tenure:**

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

**Evaluation:**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

**Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**Remuneration:****Remuneration to Managing Director / Whole-time Directors:**

The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under and the approvals obtained from the Members of the Company.

**Remuneration to Non- Executive / Independent Directors:**

The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

**Remuneration to Key Managerial Personnel and Senior Management:**

The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with company's policy.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo**

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**A. Conservation of Energy**

(i) Steps Taken for conservation of Energy:

The Company has taken the following measures:

- Installation of VFD motors for tail screen, dispersion water pump, MC-60 rotar and MC Pump
- Reduction in coal consumption by adopting automation of coal feeding system in our boiler
- Installation of CFL lamps in the place of Metal Halide lamps
- Energy conservation committee has been formed to minimize the energy consumption to its optimum level

(ii) Steps Taken by the Company for utilizing alternate sources of energy:

The Company is in the process of utilizing the alternate sources of energy in the coming years.

(iii) Capital Investment on energy conservation equipment:

No capital investment was made during the year in this regard.

**B. Technology absorption & Research & Development****Technology Absorption, Adaptation and Innovation:**

1) Efforts made towards technology absorption, adaptation and innovation

The Company has implemented Top Former Project, Installed Web Stabilizer and Treatment of Paper Machine backwater for clear water for a better results.

2) Benefits derived as a result of the above efforts:

The Company has derived the following benefits as a result of the above efforts:

- Implementation of Top Former: The Company has installed Top Former for better formation, elimination of two sidedness, even dewatering from both sides of paper web, improvement in the strength properties, enhanced smoothness values and better printability.
- Installation of web stabilizer: The Company has also installed Web Stabilizer for Paper fluttering controlled by neutralizing the negative influence of air currents, stabilization of paper sheet run and improved paper threading.

- Treatment of paper machine backwater for clear water: The benefits are, significant reduction in ERIC value, avoiding the contamination of treated fibre, sustainable quality, reduction in consumption of optical brightening agents(brightness chemicals) thereby significant reduction in manufacturing cost,

3) Information of Imported Technology (imported during the last 5 years from the beginning of the Financial Year)

- a) Technology Imported : Nil
- b) Year of Import : Nil
- c) Technology absorption : Nil
- d) if not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action : Nil

4) Expenditure incurred on Research & Development:

Expenditure on R&D	2014-2015	2013-2014
Capital	—	—
Revenue	—	—
Total	—	—
R&D Expenditure as a percentage of Turnover	—	—

**Foreign Exchange earnings & outgo:**

The details of foreign exchange earnings and outgo during the year are furnished below:

- a) Earnings : Rs. 4,350.88 lakhs
- b) Outgo : Rs. 6,123.46 lakhs

By order of the Board  
For Servalakshmi Paper Limited

(Sd/-)

**R. RAMSWAMY**  
Executive Chairman  
(DIN : 00010572)

Coimbatore  
10th August, 2015

Form No. MR-3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2015

[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  
Servalakshmi Paper Limited  
(CIN: L21012TN2005PLC092783)  
Kodaganallur Village,  
Vaduganpatti Post, I C Pettai,  
Tirunelveli - 627 010

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.Servalakshmi Paper Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s.Servalakshmi Paper Limited'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, 2015 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 for the financial year ended on 31st March, 2015 according to the provisions of:

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

- c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

I report that, during the year under review, the Company has complied with the provisions of the Acts, rules, regulations and guidelines mentioned above subject to the following observations:

- i. The Company has not appointed Chief Financial Officer and Company Secretary after the resignation of Mr.G V Ramana as Chief Financial Officer w.e.f. 22.01.2015, and Ms.Praveena Dhanagopal as Company Secretary w.e.f 11.02.2015.
- ii. The financial statements indicate that the Company has accumulated losses and its net worth has been fully eroded and accordingly the Company is a "Sick Industrial Company" within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. The Company has made a reference to the BIFR under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985, in view of the erosion of the entire net worth of the Company.

I further report that, there were no actions/ events in pursuant of

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

requiring compliance thereof by the Company during the financial year and the Secretarial Standards issued by The Institute of Company Secretaries of India were not applicable during the year.

- v) I further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control

# SERVALAKSHMI PAPER LIMITED

mechanism exist in the Company to monitor and ensure compliance with applicable general laws like labour laws and environmental laws.

- vi) I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

## **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 the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 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.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**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, the members have passed special resolutions under Section 180(1)(a) to create charge to secure the Borrowings of the Company and under Section 180(1)(c) of the Act empowering the Board of Directors to borrow moneys in excess of the aggregate of paid-up capital and free reserve provided that the amounts borrowed and outstanding at any point of time does not exceed Rs.700 crores, apart from temporary loans obtained from the bankers in the ordinary course of business. Other than these, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Place : Coimbatore  
Date : 10.08.2015

**M D Selvaraj**  
MDS & Associates  
Company Secretaries  
FCS No.: 960, C P No.: 411

*This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report*

## Annexure A

To

The Members  
Servalakshmi Paper Limited  
(CIN: L21012TN2005PLC092783)  
Kodaganallur Village,  
Vaduganpatti Post, I C Pettai,  
Tirunelveli - 627 010

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Coimbatore  
Date : 10.08.2015

**M D Selvaraj**  
MDS & Associates  
Company Secretaries  
FCS No.: 960, C P No.: 411

**Particulars pursuant to Rule 5 of Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- i) The ratio of the remuneration of each director to the median employee's remuneration for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year is given below:

Directors Name	Ratio to median employee remuneration	% increase in remuneration
Mr. R Ramswamy Executive Chairman	32 : 1	Nil
Mr. Y Shivaram Prasad Managing Director	32 : 1	Nil
Mr. Y Rambabu	13 : 1	Nil
Mr. G V Ramana, Chief Financial Officer	15 : 1	10
Mrs Praveena Dhanagopal Company Secretary	6 : 1	10

Sitting fees paid to non-executive directors have not been considered as Remuneration.

- ii) The percentage increase in the median remuneration of employees in the financial year: 5.2%
- iii) The number of permanent employees on the rolls of company: 258
- iv) The explanation on the relationship between average increase in remuneration and company performance:

There is no direct relationship between the company performance and the average increase in the remuneration.

- v) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

Total Remuneration paid to the Key Managerial Personnel during the year 2014-15 is Rs. 126.66 lakhs, which is 0.70% of the total turnover of Rs. 17,981.73 lakhs of the Company. The Company believes that the Key Managerial Personnel have been compensated commensurate with their knowledge, experience and contribution; notwithstanding the fact that their collective remuneration does not impact the company's performance significantly.

- vi) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:



Particulars	31.03.2015	31.03.2014
Market Capitalization (Rs. In crores)	80.62	117.70
Price Earning Ratio	-9.76	-6.56
Closing Market Price (in Rs.)	1.87	2.73
% increase / (decrease) of market price	-31.50	4.40
Net Worth (Rs. In crores)	-112.14	-69.86

Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer: (93.55%)

- vii) 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 any exceptional circumstances for increase in the managerial remuneration:

Average increase in Remuneration is 5.2 % for employees.

- viii) The key parameters for any variable component of remuneration availed by the directors:

The Company does not pay any variable component of the remuneration to the Directors.

- ix) 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

- x) Your directors affirm that the remuneration is as per the remuneration policy of the Company

By order of the Board  
For Servalakshmi Paper Limited

(Sd/-)

**R. RAMSWAMY**

Executive Chairman

(DIN : 00010572)

Coimbatore  
10th August, 2015

# SERVALAKSHMI PAPER LIMITED

Annexure to Directors' Report

## 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

The Company has not entered into any contracts or arrangements or transactions which are not at arm's length basis.

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

S. No.	Name of the Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	M/s.Servall Engineering Works P Ltd	Mr.R.Ramswamy, Mr.Y.Shivaram Prasad and Mr.D.Muthusamy are Interested as Directors / Shareholders	a. Purchase b. Availing of Services	Five Years with effect from 01.04.2014	Rs.2500 lacs	09.08.2014	Nil
2	M/s.Dan-alakshmi Paper Mills P Ltd	Mr.R.Ramswamy, Mr.Y.Shivaram Prasad and Mr.D.Muthusamy are Interested as Directors / Shareholders	a. Purchase b. Sales c. Availing of Services d. Rendering of Services	Five Years with effect from 01.04.2014	Rs.1500 lacs	09.08.2014	Nil
3	M/s.Vijay-alakshmi Paper Mills	Mr.R.Ramswamy is Interested as Director / Shareholder	a. Purchase b. Sales	Five Years with effect from 01.04.2014	Rs.750 lacs	09.08.2014	Nil
4	M/s.Sri Lakshmi Engineering Works	Mr.R.Ramswamy is Interested as Director / Shareholder	a. Purchase b. Availing of Services	Five Years with effect from 01.04.2014	Rs.1000 lacs	09.08.2014	Nil

By order of the Board  
For Servalakshmi Paper Limited

(Sd/-)

**R. RAMSWAMY**

Executive Chairman  
(DIN : 00010572)

Coimbatore  
10th August, 2015

## Report on Corporate Governance

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Servalakshmi Paper Limited's philosophy on Corporate Governance endeavors to achieve highest levels of transparency, integrity and equity, in all its operations and in its dealings with all its stakeholders, including shareholders, employees, the Government and lenders.

### 2. BOARD OF DIRECTORS

#### a. Composition of the Board :

As on 31st March 2015, the Company's Board comprised of 7 Directors. The Board consists of two Executive Directors and 5 Non-Executive Directors, out of whom 4 are independent. The members of the Board are well experienced professionals and industrialists. The day-to-day management affairs are managed by the Executive Chairman and Managing Director subject to the supervision, control and direction of the Board of Directors. The composition of the Company's Board is in conformity with the listing Agreement.

#### b. Category of Directors, Attendance, other directorships and committee membership:

The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the financial year ended 31st March 2015 is as under:-

Name of the Director	Category of Directorship	Attendance Particulars		No. of other directorship held in Public Companies *
		Board meeting	Last AGM	
Mr. R. Ramswamy Executive Chairman	Non-independent Executive Director - Promoter	4	Yes	—
Mr. Y. Shivaram Prasad Managing Director	Non-Independent - Executive Director - Promoter	4	Yes	—
Mr. D. Muthusamy	Non-Executive – Independent	4	Yes	—
Mr. S. Srinivasaragavan	Non-Executive – Independent	4	Yes	1
Mr. V.S. Pattabiraman	Non-Executive – Independent	3	Yes	—
Mrs Nithya Nirupama <sup>^</sup> (Appointed on 08.11.2014)	Non-Executive- Independent	2	No	—
Mr. Y Rambabu Executive Director (Upto 09.08.2014)	Non-Independent Executive Director	—	No	—
Mr.B.Sriramulu (Upto 01.07.2015)	Non-Executive – Non-Independent	3	No	5

\* Excludes Directorships in Private Companies and foreign Companies.

<sup>^</sup> Resigned with effect from 13.07.2015

# SERVALAKSHMI PAPER LIMITED

None of the directors are member(s) / Chairman in any Committees of public Companies in which they are Directors.

Mr.Y.Shivaram Prasad and Mr.B.Sriramulu are the sons-in-law of Mr.R.Ramswamy. None of the other directors are related to each other.

Four Board Meetings were held during the financial year ended 31st March 2015 and the gap between the meetings did not exceed four months. The date on which the board meetings were held are as follows.

SI.No	Date of Board Meeting	No. of Directors Attended
1	28.05.2014	5
2	09.08.2014	5
3	08.11.2014	7
4	11.02.2015	7

## C. Independent Directors

### Familiarization Program for Independent Directors:

The Company, through its Executive Directors / Senior Managerial Personnel conduct programs / presentations periodically and at every meeting of the Board to familiarize the Independent Directors with the strategy, operations and functions of the Company which will provide an opportunity to the Independent Directors to interact with the Senior Leadership team of the Company and help them to understand the Companies strategy, business model, operations, services and product offerings, markets, organisation structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

The Independent Directors, Mr.D.Muthusamy, Mr.S.Srinivasaragavan and Mr.V.S.Pattabiraman got an opportunity to visit Company's Factory Premises at Tirunelveli, where plant heads appraise them of the operational and sustainability aspects of the plants to enable them to have full understanding on the activities of the Company and initiatives taken on safety, quality, etc.,

Mrs.Nithya Nirupama, New Independent Director has been provided with a detailed appointment letter along with the role, duties and responsibilities, copy of latest Annual Report, the Companies Code of Conduct and Schedule of upcoming Board and Committee meetings.

The appointment letters of Independent Directors has been posted on the Company's website at [www.servalakshmi.in/Facilities.html](http://www.servalakshmi.in/Facilities.html).

### d. Separate Meeting of the Independent Directors:

The Independent Directors Meeting was held on 11th February, 2015, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

- I) Review of the performance of non-independent directors and the Board as a whole;
- II) Review of the performance of the Executive Directors of the Company, taking into account the views of Non-Executive Directors;

- III) Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### 3. AUDIT COMMITTEE

The Committee is mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with Stock Exchanges and these also conform to provisions of Section 177 of the Companies Act, 2013. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors of the Company.

#### a. Composition, Name of Members and Chairman:

Name of the Member	Category
Mr.S. Srinivasaragavan (Chairman)	Non-Executive – Independent
Mr. V.S. Pattabiraman	Non-Executive – Independent
Mr. D. Muthusamy	Non-Executive – Independent
Mr.B. Sriramulu (Upto 01.07.2015)	Non-Executive – Non-Independent

#### b. Meetings held during the financial year ended 31st March 2015 and members present:

Sl.No	Date of Meeting	No. of Directors Attended
1	28.05.2014	3
2	09.08.2014	3
3	08.11.2014	4
4	11.02.2015	4

The Internal Auditor and the Statutory Auditors of the Company are permanent invitees to the meetings of the audit committee. The Minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the financial year ended 31st March 2015, before it was placed in the Board.

### 4. NOMINATION AND REMUNERATION COMMITTEE

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

# SERVALAKSHMI PAPER LIMITED

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at the link <http://www.servalakshmi.in/Facilities.html>.

## a. Composition, Name of Members and Chairman:

Name of the Member	Status
Mr.S. Srinivasaragavan (Chairman)	Non-Executive-Independent
Mr. R.Ramsamy	Non-Independent Executive Director - Promoter
Mr. D. Muthusamy	Non-Executive-Independent
Mr.B. Sriramulu (Upto 01.07.2015)	Non-Executive-Non-Independent

## b. Meetings held during the financial year ended 31st March 2015 and members present:

Sl.No	Date of Meeting	No. of Directors Attended
1	09.08.2014	2
2	08.11.2014	3

## c. Details of remuneration paid to the directors for the year ended 31st March 2015 as follows:

Name	Designation	Salary and Allowances	Perks	Commis- sion	Total	Period of Appointment
Mr.R.Ramswamy	Executive Chairman	48.00	—	—	48.00	3 years with effect from 01.01.2014
Mr.Y.Shivaram Prasad	Managing Director	48.00	—	—	48.00	3 years with effect from 01.01.2014
Mr. Y Rambabu	Executive Director	3.72	—	—	3.72	From 01.11.2013 to 09.08.2014

## d. Non-Executive Directors:

The details of the sitting fees paid to the non-executive directors are as under:

Name of the Director	Sitting fees paid during the financial year ended 31st March 2015 (₹ in lakhs)
Mr.B.Sriramulu	0.30
Mr.D.Muthusamy	0.40
Mr.S.Srinivasaragavan	0.40
Mr.V.S. Pattabiraman	0.30
Mrs. Nithya Nirupama	0.10

Sitting fees is paid to Non-Executive Directors for attending Board Meetings and Audit Committee Meetings.

The Company does not pay any remuneration to any of its non-executive directors barring sitting fees for attendance during the meetings.

e. The Company does not have any **Employee Stock Option Scheme**.

## **f. Shareholding of Non Executive Directors**

None of the non executive directors are holding any shares in the Company. There has been no materially relevant pecuniary transaction or relationship between the Company and its non executive Independent Directors during the financial year.

## **5. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Stakeholders Relationship Committee was constituted by the Board of Directors, to look into the redressal of complaints of investors such as transfer / transmission of shares, non – receipt of Balance Sheets, non-receipt of Dividend warrants and to approve transfers, transmissions, consolidation and splitting of share certificates and to take necessary endorsements on the share certificates.

The Stakeholders Relationship Committee consists the following directors.

<b>Name of the Member</b>	<b>Category</b>	<b>Designation</b>
Mr.S.Srinivasaragavan	Non-Executive- Independent	Chairman
Mr.B. Sriramulu (Upto 01.07.2015)	Non-Executive – Non-Independent	Member
Mr. D. Muthusamy	Non-Executive – Independent	Member

The Committee met 4 times during the year on 28.05.2014, 09.08.2014, 08.11.2014, and 11.02.2015 respectively.

The total number of complaints received and replied to the satisfaction of shareholders during the financial year ended 31st March 2015 was Nil. There were no outstanding complaints as on 31st March 2015.

Mr.Y.Shivaram Prasad, Managing Director of the Company is the Compliance Officer for complying with the requirements of SEBI regulations and the Listing Agreement executed with Stock Exchanges.

## **6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The contents of the Management Discussion and Analysis Report have been included in the Directors' Report at the appropriate places and thus the said report forms part of the annual report.

# SERVALAKSHMI PAPER LIMITED

## 7. GENERAL BODY MEETINGS

Location and time where the last three years General meetings were held and details of the special resolutions passed at the last three years General meetings:

Details of Meeting	Date of meeting	Time of meeting	Venue of meeting	Special Resolution
Annual General Meeting (9 months period ended 31.03.2012)	06.08.2012	9.15 am	Chamber Hall, 8/732, Avanashi Road Coimbatore - 641 018	1. Allocation of unutilised IPO funds of ₹ 18.95 crores towards working capital purposes.
Annual General Meeting (12 months period ended 31.03.2013)	25.09.2013	9.30 am	Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli-627001	Nil
Annual General Meeting (12 months period ended 31.03.2014)	26.09.2014	9.30 am	Kodaganallur Village, Vaduganpatti Post, I.C.Pettai, Tirunelveli - 627010	<ol style="list-style-type: none"> <li>1) Appointment of Mr.V.S.Pattabiraman, Mr. D. Muthusamy and Mr. S. Srinivasaragavan as Independent Directors</li> <li>2) Alteration of Articles of Association</li> <li>3) Borrowing powers u/s 180(1)(c);</li> <li>4) Mortgage of assets u/s 180(1)(a)</li> <li>5) Mr. R. Ramswamy re-designated as Executive Chairman of the Company</li> <li>6) Mr. Y. Shivaram Prasad appointed as Managing Director of the Company</li> <li>7) Enter into contracts and/ or agreements with related parties</li> </ol>

No resolutions were put through Postal Ballot last year. However, the Company had pursuant to Clause 35B of the Listing Agreement provided to the shareholders the option to pass the resolutions at the Annual General Meeting through Postal Ballot.

No Extra – Ordinary General Meeting of Shareholders was held during the year.

## 8. DISCLOSURES:

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large

Kindly refer to the notes forming part of accounts for the details of related party transactions. There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large.



- (ii) Details of non-compliance by the company, penalties, strictures imposed on the company by any Statutory Authorities, during the last three years

The Company has complied with all the requirements of the listing agreement of the stock exchange as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, stock exchange or any other statutory authority on matters relating to capital markets in the last three years.

- (iii) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee

Any employee, if he / she so desires, would have free access to meet Senior Level Management and Report any matter of concern.

- (iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 49.

The Company has complied with all the mandatory requirement of corporate governance norms as enumerated in clause 49 of the listing agreement with the stock exchanges.

The Company has adopted the non-mandatory requirement of Reporting of internal Auditors to Audit Committee as recommended under Clause 49 of the Listing Agreement. The Company has not adopted any other non-mandatory requirements.

## 9. CODE OF CONDUCT

The Board of Directors has laid down a code of conduct for all Board Members and Senior Management of the Company. The same has been posted on the website of the Company. All Board Members and Senior Management personnel have affirmed their compliance with the code of conduct for the year under review.

The Company's Chairman's declaration to this effect forms part of this report.

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code is applicable to all directors / officers / designated employees. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

## 10. MEANS OF COMMUNICATION:

The quarterly / annual financial results of the Company are published in Business Standard (English) and Makkal Kural (Tamil). The financial results and the annual reports of the Company are uploaded in the Company's website: [www.servalakshmi.in](http://www.servalakshmi.in) and in the websites: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

There were no specific presentations made to Institutional Investors or to analysts during the financial year ended 31st March 2015..

# SERVALAKSHMI PAPER LIMITED

## 11. GENERAL SHAREHOLDER INFORMATION

<b>(i) Date of AGM</b>	25th September 2015
Time	09.15 am
Venue	Kodaganallur Village, Vaduganpatti Post, I.C. Pettai, Tirunelveli – 627010.
<b>(ii) Financial Calender</b>	
Year Ending	31st March 2016
AGM in	September 2016
First Quarter Results	1st week of August 2015
Second Quarter Results	1st week of November 2015
Third Quarter Results	1st week of February 2016
Annual Results	4th week of May 2016
Dividend Payment Date	Not Applicable
Date of Book Closure	From 19.09.2015 to 25.09.2015 (Both days inclusive)
Listing on Stock Exchanges	BSE Limited National Stock Exchange of India Limited

<b>Stock Code</b>	
BSE Limited (BSE)	5334014
National Stock Exchange of India Limited (NSE)	SERVALL
International Security Identification Number	INE431L01016
Listing Fee	Annual Listing Fees for the year 2015-16 were paid to National Stock Exchange of India Limited and BSE Limited

### Stock Market Price Data for the year 2014 - 2015:

MARKET PRICE DATE: Monthly high / low of market price of the Company's Equity Shares traded on the BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE) during the last financial year was as under:

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2014	2.90	2.16	2.75	2.15
May 2014	2.79	2.12	2.60	1.95
June 2014	4.77	2.40	4.65	2.25
July 2014	5.50	3.80	5.60	3.65

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
August 2014	4.40	3.42	4.40	3.80
September 2014	4.60	3.75	4.60	3.85
October 2014	4.45	2.84	4.40	2.85
November 2014	3.85	2.87	3.90	2.80
December 2014	5.24	3.41	4.50	3.20
January 2015	4.86	3.65	4.70	3.60
February 2015	4.70	2.60	4.80	2.40
March 2015	3.18	1.80	3.15	1.80

## **Registrar & Share Transfer Agent: (For both physical & demat segments)**

### **Head Office**

M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, Bhandup (West), Mumbai - 400 078, Ph: 022 – 25963838, Mail: [helpline@linkintime.co.in](mailto:helpline@linkintime.co.in)

### **Branch**

Link Intime India Private Limited, "Surya" 35, Mayflower Avenue (II Floor), Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028. Ph: 0422-2314792 / 2315792, E mail : [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)

## **Reconciliation of Share Capital Audit**

A qualified Company Secretary carried out Reconciliation of Share Capital audit as per regulation 55A of SEBI (Depositories & Participants) Regulations 1996, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of Share Capital confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

## **Share Transfer System**

The company's shares being in compulsory dematerialised (demat) list are transferable through the depository system. Shares in physical form are processed by the registrar and share transfer agents, Link Intime India Private Limited and approved by the Stakeholders Relationship Committee of the Company. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets when necessary for approving share transfers and other related activities.

# SERVALAKSHMI PAPER LIMITED

## Shareholding Pattern as on 31.03.2015

Shares held by	No. of holders	No. of Shares	% of shareholding
Promoters and Associates	5	22424000	52.01
Corporate Bodies	168	7028136	16.31
Individuals	6175	13214912	30.65
Clearing Member	47	363580	0.84
Non Residents	36	83028	0.19
<b>Total</b>	<b>6431</b>	<b>43113656</b>	<b>100.00</b>

## Distribution of Shareholding as on 31.03.2015:

Shareholding range	No. of holders	No. of Shares	% of shareholding
1 - 500	4451	889407	2.06
501 - 1000	834	717901	1.67
1001 - 2000	507	821914	1.91
2001 - 3000	179	471881	1.09
3001 - 4000	105	387398	0.90
4001 - 5000	76	362656	0.84
5001 - 10000	135	991513	2.30
10001 and above	144	38470986	89.23
<b>Total</b>	<b>6431</b>	<b>43113656</b>	<b>100.00</b>

## Dematerialisation of shares and liquidity as on 31st March 2015:

Shares of the Company can be held and traded in Electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialised form.

Particulars	No. of Holders	No. of Shares	% of shareholding
National Securities Depository Limited	3837	35314824	81.91
Central Depository Services Limited	2592	7290884	16.91
Physical Form	2	507948	1.18
<b>Total</b>	<b>6431</b>	<b>43113656</b>	<b>100.00</b>

The Company's shares are regularly traded on BSE Limited and National Stock Exchange of India Limited.

## Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity.

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

**Plant location:** Servalakshmi Paper Limited  
Kodaganallur Village,  
Vaduganpatti Post,  
I.C.Pettai,  
Tirunelveli - 627 010.

**Address for Correspondence:**

<b>Address for Communication:</b>	
For annual report, transfer of physical/ demat shares, dividend on shares, change of address & other query relating to shares of the Company and investors correspondence, may be addressed to	Link Intime India Private Limited "Surya", 35, May Flower Avenue, IIInd Floor, Behind Senthil Nagar, Sowripalayam Road Coimbatore 641 028, Tamilnadu Ph: 0422 - 2314 792 / 2315792 E-Mail: coimbatore@linkintime.co.in Contact Person: Mrs. S. Dhanalakshmi
<b>Contact address for Shareholder:</b>	Mr. Y. Shivaram Prasad, Managing Director 31 (Old No. 10-Z) Bharathi Park, VII Cross, Saibaba Colony, Coimbatore - 641011, Tamilnadu
Phone Fax Email Website Address	0422 - 4333344 0422 - 4333355 secretarial@servalakshmi.in www.servalakshmi.in

**DECLARATION**

All the Board members and senior management personnel affirmed compliance with the code of conduct of the company for the financial year ended 31st March 2015.

Place : Coimbatore  
Date : 10th August 2015

(Sd/-)  
**R. RAMSWAMY**  
Executive Chairman

## **SERVALAKSHMI PAPER LIMITED**

### **PRACTICING COMPANY SECRETARY CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

To the Members of Servalakshmi Paper Limited

I have examined the compliance of conditions of corporate governance by SERVALAKSHMI PAPER LIMITED, for the year ended 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I 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.

Coimbatore  
10th August 2015

**M D Selvaraj**  
Practicing Company Secretary  
C.P. No. 411 ( FCS.960)

## **Independent Auditor's Report**

To  
The Members of M/s. Servalakshmi Paper Limited,

### **Report on the Financial Statements**

We have audited the accompanying financial statements of M/s.SERVALAKSHMI PAPER LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the 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 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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 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 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 true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by 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 financial statements.

# SERVALAKSHMI PAPER LIMITED

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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;

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matters

We draw attention to the following matter in the Notes to the financial statements:

Note 3 in the financial statements which indicate that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the order"), issued by the Central Government of India in terms of the sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid 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) The erosion of net worth as described under the emphasis of matters paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
  - f) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - 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 25 to the financial statements**
- ii. The Company did not have any long-term contracts including derivatives 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 **S. Krishnamoorthy & Co.,**  
*Chartered Accountants*  
*(Registration No. 001496S)*  
**Sd/- K. Raghu**  
*Partner, Auditor*  
*Membership No.11178*

Coimbatore  
22.05.2015

# SERVALAKSHMI PAPER LIMITED

## Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report on Other Legal and Regulatory Requirements)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed Assets have been physically verified by the Management at reasonable intervals. No material discrepancies were noticed on such verification ;
- ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management
- (b) Procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) Company is maintaining proper records of inventory and material discrepancies, if any, noticed on physical verification have been properly dealt with in the books of account;
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) There is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system;
- (v) The Company has not accepted any deposit from the public during the year.
- (vi) We have broadly reviewed the records maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost records u/s. 148(1), of the Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) (a) The company is not regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us, no undisputed arrears of statutory dues were outstanding as on 31.3.2015, for a period of more than 6 months from the date they become payable;
- (b) According to the records of the company, the following are disputed statutory dues remaining unpaid :

Sl. No.	Name of the Statute	Period to which the Amount relates	Nature of the Demand	Amount disputed (Rs. in lakhs)	Amount paid	Forum where dispute is pending
1.	Customs Act	2012-13	Customs Duty	125.09	—	CESTAT
2.	Tamil Nadu VAT Act	2013-14	Non reversal of ITC Penalty	28.93 28.93	— —	High court Madurai.

Sl. No.	Name of the Statute	Period to which the Amount relates	Nature of the Demand	Amount disputed (Rs. in lakhs)	Amount paid	Forum where dispute is pending
3.	Government of Tamilnadu Electricity Act, 2003	2012-2015	Electricity Tax	286.66	—	Supreme Court of India

(c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and protection fund by the company.

- (viii) The accumulated losses of the Company at the end of the financial year has exceeded 50% of its net worth and the Company has incurred cash loss in the current year and in the immediately preceding financial year
- (ix) The company has not defaulted in repayment of dues to financial institution or bank, pending implementation of Corporate Debt Restructuring scheme.
- (x) The Company has not given any guarantee for loans taken by others from bank or financial institutions;
- (xi) The term loan obtained by the company has been applied for the purpose for which they were availed;
- (xii) Based upon the audit procedures performed and information and explanations given by the management, we report that no frauds on or by the company has been noticed or reported during the course of our audit.

For **S. Krishnamoorthy & Co.,**  
*Chartered Accountants*  
 (Registration No. 001496S)  
**Sd/- K. Raghu**  
*Partner, Auditor*  
 Membership No.11178

Coimbatore  
 22.05.2015

# SERVALAKSHMI PAPER LIMITED

## Balance Sheet

as at 31st March, 2015

(₹ in lakhs)

	Note No.	As at 31 March 2015	As at 31 March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	2	4,311.37	4,311.37
(b) Reserves and surplus	3	(15,525.55)	(11,297.61)
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	4	30,080.91	30,699.35
(b) Long-term provisions	5	21.90	13.87
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	6	4,293.79	3,747.00
(b) Trade payables	7	6,559.54	5,714.96
(c) Other current liabilities	8	6,438.59	2,169.45
<b>TOTAL</b>		<b>36,180.55</b>	<b>35,358.39</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		23,144.01	23,297.55
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		329.45	543.41
(b) Long-term loans and advances	10	74.85	239.52
(c) Other non-current assets	11	466.21	466.21
<b>(2) Current assets</b>			
(a) Inventories	12	4,746.13	4,764.09
(b) Trade receivables	13	2,431.33	1,855.32
(c) Cash and cash equivalents	14	439.54	421.91
(d) Short-term loans and advances	15	2,656.61	2,294.03
(e) Other current assets	16	1,892.42	1,476.35
<b>TOTAL</b>		<b>36,180.55</b>	<b>35,358.39</b>

As per our report of even date attached  
For **S. KRISHNAMOORTHY & Co.**,  
Chartered Accountants  
(Registration No.001496S)

**(Sd.) K.RAGHU**

Partner, Auditor  
Membership No.11178

**(Sd) R. RAMSWAMY**  
Executive Chairman

**(Sd) Y. SHIVARAM PRASAD**  
Managing Director

Coimbatore  
22.05.2015

## Statement of Profit and Loss for the year ended 31st March 2015

(₹ in lakhs)

Note No. 31 March 2015 31 March 2014

<b>I. Revenue from operations</b>			
(a) Sale of products	17	<b>16,666.98</b>	20,519.91
(b) Sale of Power		<b>1,523.47</b>	1,869.02
Less: Excise Duty		<b>208.73</b>	164.91
		<b>17,981.73</b>	22,224.02
<b>II. Other income</b>	18	<b>639.37</b>	743.41
<b>III. Total Revenue (I + II)</b>		<b>18,621.09</b>	22,967.43
<b>IV. Expenses:</b>			
Cost of materials consumed	19	<b>11,746.53</b>	13,563.12
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	<b>(173.09)</b>	(265.67)
Employee benefits expense	21	<b>804.60</b>	701.00
Finance costs	22	<b>3,212.74</b>	3,529.15
Depreciation and amortization expense	9	<b>1,027.12</b>	1,364.10
Other expenses	23	<b>6,212.89</b>	7,122.27
<b>Total expenses</b>		<b>22,830.78</b>	26,013.97
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>(4,209.69)</b>	(3,046.54)
<b>VI. Exceptional items</b>		<b>—</b>	220.07
<b>VII. Profit before extraordinary items and tax (V - VI)</b>		<b>(4,209.69)</b>	(2,826.47)
<b>VIII. Extraordinary Items</b>		<b>—</b>	—
<b>IX. Profit before tax (VII- VIII)</b>		<b>(4,209.69)</b>	(2,826.47)
<b>X. Tax expense:</b>			
(1) Current tax		<b>—</b>	—
(2) Deferred tax		<b>—</b>	—
<b>XI. Profit (Loss) for the period (VII-VIII)</b>		<b>(4,209.69)</b>	(2,826.47)
<b>XII. Earnings per equity share:</b>			
(1) Basic		<b>(9.76)</b>	(6.56)
(2) Diluted		<b>(9.76)</b>	(6.56)

As per our report of even date attached  
For **S. KRISHNAMOORTHY & Co.,**  
Chartered Accountants  
(Registration No.001496S)

**(Sd.) K.RAGHU**

Partner, Auditor  
Membership No.11178

**(Sd) R. RAMSWAMY**  
Executive Chairman

**(Sd) Y. SHIVARAM PRASAD**  
Managing Director

Coimbatore  
22.05.2015

# SERVALAKSHMI PAPER LIMITED

## Cash Flow Statement for the year ended 31st March 2015

(₹ in lakhs)

Particulars	31 March 2015	31 March 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss) before Tax and Extra Ordinary Items</b>	<b>(4,209.69)</b>	<b>(2,826.47)</b>
Adjustments for :		
Depreciation	1,027.12	1,364.10
Interest Received	(50.22)	(28.73)
Interest Paid	3,212.74	3,529.15
Loss / (Profit) on Sale of Assets	(0.15)	0.75
<b>Operating Profit before Working Capital Changes:</b>	<b>(20.21)</b>	<b>2,038.80</b>
Adjustments for :		
Trade and Other Receivables	(576.01)	(433.46)
Inventories	17.97	(1,061.50)
Loans and Advances	(613.98)	(1,150.94)
Current Liabilities etc	1,526.77	3,548.79
<b>Cash Generated from Operations before Extraordinary Items</b>	<b>334.55</b>	<b>2,941.69</b>
Prior year income	—	—
Income Tax at Earlier Year	—	—
<b>NET CASH FROM OPERATING ACTIVITIES Total A</b>	<b>334.55</b>	<b>2,941.69</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(677.88)	(386.64)
Sale of Fixed Assets	0.15	6.48
Interest Received	50.22	28.73
Expenses Capitalised	—	—
<b>NET CASH USED IN INVESTING ACTIVITIES Total B</b>	<b>(627.50)</b>	<b>(351.44)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital and Share Premium	—	—
Unsecured loans	1,415.50	—
Proceeds from Bank Borrowing	1,150.56	1,087.44
Interest Paid	(2,255.47)	(3,529.15)
<b>NET CASH USED IN FINANCING ACTIVITIES Total C</b>	<b>310.60</b>	<b>(2,441.71)</b>
<b>NET INCREASE IN CASH OR CASH EQUIVALENTS</b>	<b>17.64</b>	<b>148.54</b>
Cash and Cash Equivalents [Opening Balance]	421.91	273.37
Cash and Cash Equivalents [Closing Balance]	439.54	421.91

As per our report of even date attached  
For **S. KRISHNAMOORTHY & Co.**,  
Chartered Accountants  
(Registration No.001496S)

**(Sd.) K.RAGHU**

Partner, Auditor

Membership No.11178

**(Sd) R. RAMSWAMY**  
Executive Chairman

**(Sd) Y. SHIVARAM PRASAD**  
Managing Director

Coimbatore  
22.05.2015

**Notes to the Financial Statements**

(All amounts are in ₹ in Lakhs, unless otherwise stated)

**1. Significant Accounting Policies****1.1 Basis of Preparation**

The financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India including the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

The company's operating results continue to be materially affected by various factors, such as, high cost of servicing the debt, technical problem in stabilisation of the production at the units, higher cost of raw materials, import of newsprint, causing pricing pressures and general economic slow down. The company has incurred a net loss of Rs.4,210 lakhs during the year ended March 31, 2015 and as of that date, the Company's total liabilities exceeded its total assets by Rs.11,214 lakhs. The company faced severe working capital problems due to non-implementation of CDR scheme by the banks. The company has initiated various steps to improve its operation performance/liquidity, remove bottlenecks in the process, modify the product mix to maximise the realisation. The Company has undertaken a review of its action to improve efficiency in its operations. These measures along with consistent improvement in yields and enhancement in revenues are expected to drive growth in revenues in the future. The company believes that it would be able to realise the assets and settle the liabilities in the normal course at their carrying values and no adjustments would be required in respect of the carrying value of assets/liabilities as at March 31, 2015. Accordingly, the financial statements have been prepared on going concern basis.

**1.2 Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

**1.3 Revenue Recognition**

Income and expenditure are accounted on accrual basis. Sales are accounted net of Sales Tax. Material consumption is net of Cenvat. Excise duty in respect of Goods manufactured other than what is in Stock at the close of the period is accounted at the time of removal of goods from the factory of sales.

**1.4 Fixed Assets and depreciation**

Fixed assets are stated at cost net of CENVAT less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets has been provided on straight line method adopting the useful lives of the respective fixed assets, and the residual value in accordance with Schedule II to the Companies Act, 2013. In respect of additions during the year, depreciation has been provided on pro-rata basis.

Assets acquired under Hire Purchase agreements are capitalized and finance charges thereon are expensed over the period of agreements.

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### 1.5 Inventory valuation

Inventories have been valued at lower of cost and net realizable value

- a) Finished goods are valued at lower of cost of production and net realizable value inclusive of excise duty
- b) Semi finished goods are valued at cost of raw materials and other manufacturing cost on historical basis
- c) Raw materials, components and stores and spares are valued at identifiable cost.

### 1.6 Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of respective transactions. Resultant gain/loss at the time of realization/payment are recognized separately. Carrying value of foreign currency assets and liabilities are restated at the year end rates.

### 1.7 Impairment of assets

Impairment in the value of Fixed Assets is recognized to the extent that the recoverable amount of an asset is less than its carrying value and would be charged to Profit and Loss account as prescribed by ICAI in AS 28.

### 1.8 Borrowing costs

Borrowing costs that are directly attributable to the cost of acquisition, construction, or production of a qualifying asset is capitalized as part of that asset, other borrowing costs are recognized as expense in the period in which they are incurred

### 1.9 Employee benefits

Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation performed in accordance with the projected unit credit method, as at the balance sheet date.

Contributions to Provident fund, Employee pension fund and cost of other benefits are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has no further obligations under the plan beyond its monthly contributions.

### 1.10 Segment Reporting

- a) The company has identified two business segment viz. Paper and Power. Revenue and expenses have been identified to respective segments on the basis of operating activities of the enterprises. Revenue and expenses which related to the enterprises as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocated revenue and expenses.
- b) Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as unallocated assets and liabilities.
- c) Inter segment revenue / expenditure is recognized at cost.



## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### 1.11 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

### 1.12 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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.

### 1.13 Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is neither related to the construction activity nor incidental thereto is charged to the Profit and Loss Account.

1.14 There are no amounts payable to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.

## 2 Share Capital

a) Authorised

(₹ in lakhs)

Particulars	31st March 2015	31st March 2014
5,00,00,000 Equity shares of ₹ 10/- each (Pre. Year: 50000000 Equity Shares of ₹ 10 each)	5,000.00	5,000.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>

b) Issued Subscribed and paid up

Particulars	31st March 2015	31st March 2014
43113656 Equity Shares of ₹ 10/- each fully paid up (Pre. Year: 43113656 Equity Shares of ₹ 10 each)	4,311.37	4,311.37
<b>Total</b>	<b>4,311.37</b>	<b>4,311.37</b>

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### c) Reconciliation

Particulars	31st March 2015		31st March 2014	
	Equity Shares		Equity Shares	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	43113656	4,311.37	43113656	4,311.37
Shares Issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	43113656	4,311.37	43113656	4,311.37

### d) Details of Shareholder holding more than 5%

Particulars	31st March 2015		31st March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Danalakshmi Paper Mills Pvt. Ltd.	13583302	31.51	13583302	31.51
Servall Engineering Works Pvt. Ltd.	4835030	11.21	4835030	11.21

### e) Share allotment details for last five years

Particulars	Year (Aggregate No. of Shares)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	—	—	—	—	—
Fully paid up by way of bonus shares	—	—	—	—	—
Shares bought back	—	—	—	—	—

## 3 Reserves and Surplus

Particulars	31st March 2015	31st March 2014
<b>a) Securities Premium</b>		
Opening Balance	7,290.63	7,290.63
Add:		
Receipts during the year on allotment	—	—
Closing Balance	<b>7,290.63</b>	<b>7,290.63</b>

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

Particulars	31st March 2015	31st March 2014
<b>b) Surplus</b>		
Opening balance	(18588.24)	(15761.77)
(+) Net Profit/(Net Loss) For the current year	(4209.69)	(2826.47)
(+) Transfer from Reserves	—	—
(-) Proposed Dividends	—	—
(-) Interim Dividends	—	—
(-) Transfer to Reserves	—	—
(-) Earlier year Depreciation as per Companies act 2013*	18.25	—
Closing Balance	(22816.19)	(18588.24)
<b>Total</b>	<b>(15525.55)</b>	<b>(11297.61)</b>

\* Please refer Note 9

### 4. Long Term Borrowings

Particulars	31st March 2015	31st March 2014
<b>A) Secured Loans</b>		
<b>1. Term Loans</b>		
<b>a) From Banks</b>		
Term Loan from Nationalised Bank (Secured by 1st charge on the Fixed Assets and 2nd Charge on the Current Assets of the Company on pari passu basis)		
Indian Overseas Bank	14013.95	15585.25
Bank of India	7335.09	8172.24
(All the above loans are personally guaranteed by Executive Chairman and Managing Director)		
<b>b) From other parties</b>	7219.14	6842.67
	<b>28568.18</b>	<b>30600.16</b>

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

Particulars	31st March 2015	31st March 2014
<b>2. Long term maturities of finance lease obligations</b>		
Hire purchase Loan		
(Secured by Hypothecation of Specific Vehicles)	14.04	16.24
Less: Unmatured Financial Charges	1.46	1.70
	<b>12.58</b>	<b>14.54</b>
<b>B) Unsecured Loans</b>		
i) Trade Deposits *	79.65	84.65
ii) Other Long Term Loan**	1420.50	—
	<b>1500.15</b>	<b>84.65</b>
<b>Total</b>	<b>30080.91</b>	<b>30699.35</b>

The interest rate for the current financial year for all the term loans is 10.50%

All the term loans are repayable in 32 quarterly installments commencing from March'15 as per the CDR approval.

One of the bankers has assigned the dues to it to an Asset Reconstruction Company during the financial year ended 31st March,2015. Asset reconstruction company is yet to enter into any formal agreement with the company and therefore the amount has not been bifurcated under long term or short term in respect thereof.

Hire Purchase loan is repayable in Equated Monthly installments EMIs beginning from the month in which lease is taken.

Period and amount of continuous default relating to above loans-NIL

\* Trade deposits are received from dealers with whom the company has running agreement.

\*\* Promoters Contribution under CDR scheme -Rs.277.50 lakhs from Mr.R Ramswamy, Rs.1143 lakhs from M/s.Servall Engineering works (P) Ltd.

## 5 Long Term Provision

Particulars	31st March 2015	31st March 2014
Provision for employee benefits - [Gratuity (unfunded)]	21.90	13.87
<b>Total</b>	<b>21.90</b>	<b>13.87</b>

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### 6 Short Term Borrowings

Particulars	31st March 2015	31st March 2014
<b>Secured</b>		
<b>a) From Banks</b>		
i) Cash Credit from Nationalised Bank	3649.67	2651.37
ii) Buyers Credit	—	—
iii) Bills discounted	—	325.16
(All the above loans are secured by first charge on the current assets and 2nd charge on the fixed assets of the company on pari passu basis and also personally guaranteed by Managing Director)		
<b>b) From other parties*</b>	644.12	770.47
<b>Total</b>	<b>4293.79</b>	<b>3747.00</b>

\* Please refer Note 4

### 7 Trade Payables

Particulars	31st March 2015	31st March 2014
Dues to Micro, Small and Medium Enterprises	—	—
Dues to others	6559.54	5714.96
<b>Total</b>	<b>6559.54</b>	<b>5714.96</b>

### 8 Other Current Liabilities

Particulars	31st March 2015	31st March 2014
(a) Current maturities of long-term debt*	4270.09	1632.38
(b) Current maturities of finance lease obligations	9.10	3.83
(c) Interest accrued	957.27	—
(d) Advance from customers	258.43	183.78
(e) Employee benefits payable	187.05	66.34
(f) Statutory dues including Provident fund and TDS	302.39	218.74
(g) Provision for expenses	454.25	64.38
<b>Total</b>	<b>6438.59</b>	<b>2169.45</b>

\* Please refer Note 4

**Notes to the Financial Statements**  
**9 Fixed Assets**

(₹ In Lakhs)

Sl. No	Particulars	Gross Block				Depreciation / Amortisation				Net Block		
		Balance as at 1st April 2014	Additions	Acquired through business combinations	Other Adjustments	Disposals	Balance as at 31st March 2015	Balance as at 1st April 2014	Depreciation for the year	On disposals	Depr- ciation for earlier years	Balance as at 31st March 2015
<b>a</b>	<b>Tangible Assets</b>											
	<b>Own Assets</b>											
	Land	238.94	—	—	—	—	238.94	—	—	—	238.94	238.94
	Buildings	5,164.38	37.96	—	—	—	5,202.34	576.90	207.10	1.63	785.63	4,416.71
	Plant and Equipment*	22,610.93	817.26	—	—	—	23,428.19	4,248.78	794.94	—	5,043.72	18,384.48
	Electrical Fittings	38.86	—	—	—	—	38.86	20.70	2.56	—	23.27	15.59
	Furniture and Fixtures	22.17	2.43	—	—	—	24.60	5.98	2.79	—	8.78	15.83
	Office equipment	30.66	18.59	—	—	0.26	48.99	13.97	6.75	6.13	26.60	22.39
	Computers	54.24	4.84	—	—	—	59.08	34.07	5.57	10.49	50.13	8.95
	Vehicles	27.80	—	—	—	—	27.80	10.29	3.93	—	14.22	13.59
	<b>Assets Taken on Financial lease</b>											
	Plant and Equipment	12.47	—	—	—	—	12.47	0.50	1.62	—	2.12	10.35
	Vehicle	8.34	10.76	—	—	—	19.10	0.06	1.86	—	1.92	17.19
	<b>Total</b>	<b>28,208.79</b>	<b>891.84</b>	—	—	<b>0.26</b>	<b>29,100.38</b>	<b>4,911.25</b>	<b>1,027.12</b>	<b>0.26</b>	<b>18.25</b>	<b>23,144.01</b>
<b>b</b>	<b>Intangible Assets</b>											
	<b>Total</b>	—	—	—	—	—	—	—	—	—	—	—
<b>c</b>	<b>Capital Work In Progress</b>											
	Capital Work In Progress	543.41	—	—	(213.96)	—	329.45	—	—	—	—	329.45
	<b>Total</b>	<b>543.41</b>	—	—	<b>(213.96)</b>	—	<b>329.45</b>	—	—	—	—	<b>543.41</b>
	<b>Grand Total</b>	<b>28,752.21</b>	<b>891.84</b>	—	<b>(213.96)</b>	<b>0.26</b>	<b>29,429.83</b>	<b>4,911.25</b>	<b>1,027.12</b>	<b>0.26</b>	<b>18.25</b>	<b>23,840.96</b>
	Previous year	28,377.63	386.64	—	—	12.07	28,752.21	3,551.99	1,364.10	4.84	4,911.25	23,840.96

\* Plant and equipment include cost- Rs.335.94 lakhs (Previous Year-Rs.335.94 lakhs) Written Down Value Rs.267.27lakhs (Previous Year -Rs.284.43 lakhs) in respect of capital expenditure incurred by the company, the ownership of which does not vest in the company.

\*\* Effective 1st April 2014, the company has revised the useful life of fixed assets based on schedule II to the companies act 2013 for the purpose of providing depreciation on fixed assets. Accordingly, the carrying amount of such assets as on 1st April 2014 has been depreciated over the remaining revised useful life of the fixed assets. Consequently, the depreciation for the year ended 31st March 2015 is lower to the extent of Rs.377.94 lakhs. Further the amount of Rs.18.25 lakhs representing the carrying amount of assets with revised useful life as NIL, has been charged to the opening reserves as on 1st April 2014 pursuant to the companies act 2013.

**Notes to the Financial Statements**

(All amounts are in ₹ in Lakhs, unless otherwise stated)

**10 Long Term Loans & Advances**

Particulars	31st March 2015	31st March 2014
<b>a. Capital Advances</b>		
Unsecured, considered good	39.92	209.85
<b>b. Security Deposits</b>		
Unsecured, considered good	34.93	29.67
<b>Total</b>	<b>74.85</b>	<b>239.52</b>

**11 Other Non Current Assets**

Particulars	31st March 2015	31st March 2014
<b>Unamortized expenses</b>		
a) IPO Expenses	439.46	439.46
b) Preliminary Expenses	26.75	26.75
<b>Total</b>	<b>466.21</b>	<b>466.21</b>

**12 Inventories**

Particulars	31st March 2015	31st March 2014
(a) Raw-Materials at cost	3015.94	3238.99
(b) Work-in-progress at estimated cost	1146.69	1089.52
(C ) Finished Goods at net realisable value	303.17	187.24
(d) Stores and spares at cost	280.33	248.34
<b>Total</b>	<b>4746.13</b>	<b>4764.09</b>

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### 13 Trade Receivables

Particulars	31st March 2015	31st March 2014
(Unsecured, considered good )		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	49.17	77.75
Other debts	2382.16	1777.57
<b>Total</b>	<b>2431.33</b>	<b>1855.32</b>

### 14 Cash & Cash Equivalents

Particulars	31st March 2015	31st March 2014
a. Cash on hand	4.31	4.17
b. Cheques, drafts on hand	—	—
c. Balances with banks		
in Current accounts	123.07	139.96
Demand Deposits (less than 3 months maturity)*	2.74	44.29
d. Others bank balances		
Long term deposits with maturity of more than 3 months but less than 12 months*	113.68	51.67
Deposits with maturity of more than 12 months *	195.76	181.82
* Margin Money deposits		
<b>Total</b>	<b>439.54</b>	<b>421.91</b>

### 15 Short-Term Loans & Advances

Particulars	31st March 2015	31st March 2014
Balances with central excise, customs and sales tax (Unsecured, considered good)	1,826.06	1,641.07
Others (Unsecured, considered good)		
Advance for purchases	750.01	557.29
Other Advances	69.02	71.37
Prepaid Expenses	11.52	24.30
<b>Total</b>	<b>2656.61</b>	<b>2294.03</b>



**Notes to the Financial Statements**

(All amounts are in ₹ in Lakhs, unless otherwise stated)

**16 Other Current Assets**

Particulars	31st March 2015	31st March 2014
Income Receivable	216.65	190.62
Incentives Receivable	1602.64	1226.73
Tds Receivable	10.36	7.88
Others	62.78	51.12
<b>Total</b>	<b>1892.42</b>	<b>1476.35</b>

**17 Revenue from operations**

Particulars	31st March 2015	31st March 2014
Sale of products	16698.03	20556.58
Less:		
Rebate and Discount	31.05	36.67
<b>Total</b>	<b>16666.98</b>	<b>20519.91</b>

**18 Other income**

Particulars	31st March 2015	31st March 2014
(a) Interest Income	50.22	28.73
(b) Other non-operating income		
i) Exchange rate fluctuations	53.75	—
ii) Exports benefits	127.11	221.69
iii) Govt incentives	375.90	458.32
iv) Agri Income*	7.21	3.10
v) Others	25.17	31.57
<b>Total</b>	<b>639.37</b>	<b>743.41</b>

\* Net of Expenses

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### 19 Cost of Raw materials consumed

Particulars	31st March 2015	31st March 2014
Opening stock of Raw materials	2728.55	1997.04
Purchases and Handling Charges	11600.85	14294.63
Less: Closing stock of Raw materials	(2582.86)	(2728.55)
<b>Total</b>	<b>11746.53</b>	<b>13563.12</b>

### 20 Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Particulars	31st March 2015	31st March 2014
Opening stock of finished goods	187.24	70.05
Opening stock of work in progress	1089.53	941.05
Less: Closing stock of finished goods	(303.17)	(187.24)
Closing stock of work in progress	(1146.69)	(1089.53)
<b>Total</b>	<b>(173.09)</b>	<b>(265.67)</b>

### 21 Employee benefits expense

Particulars	31st March 2015	31st March 2014
(a) Salaries and incentives	716.08	613.62
(b) Contributions to -		
(i) Provident fund	26.98	26.04
(ii) Superannuation scheme	—	—
(c) Gratuity fund contributions	9.36	4.05
(d) Staff welfare expenses	52.18	57.29
<b>Total</b>	<b>804.60</b>	<b>701.00</b>

**Notes to the Financial Statements**

(All amounts are in ₹ in Lakhs, unless otherwise stated)

**22 Finance costs**

Particulars	31st March 2015	31st March 2014
(a) Interest Expenses	3204.61	3515.37
(b) Other Borrowing Cost	8.13	13.78
(c) Applicable net gain/loss on foreign currency transaction and translation	—	—
<b>Total</b>	<b>3212.74</b>	<b>3529.15</b>

**23 Other expenses**

Particulars	31st March 2015	31st March 2014
Consumption of Stores and spares	498.14	524.83
Consumption of Packing Materials	307.28	372.14
Power and Fuel	4,190.40	5,051.74
Rent	2.61	2.07
Repairs & Maintenance	152.42	137.77
Insurance	26.91	29.06
Rates and taxes, excluding taxes on income	28.94	30.15
Bank Charges	199.98	126.77
Postage, Telegram & Telephone	15.00	19.59
Travelling expenses	47.16	56.14
Professional & Consultancy Charges	40.38	76.74
Directors Sitting fees	1.50	1.55
Increase / (decrease) of Excise duty on Inventory	4.78	4.58
Net gain/loss on foreign currency transaction and translation	—	85.74
Miscellaneous expenses	201.00	236.73
Payments to the auditor as		
a) Statutory Audit Fee	3.00	3.00
b) Tax Audit Fee	1.00	1.00
c) Income tax Representation	1.00	1.00
d) for other services	0.50	5.10
Commission on sales	247.52	138.19
Packing and Forwarding Expenses	243.36	218.38
<b>Total</b>	<b>6212.89</b>	<b>7122.27</b>

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### 24 Capital and other Commitments and Export obligations

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	500.23	365.74
b) Export obligations on account of duty free import of capital goods	1717.11	1,426.24

### 25 Contingent Liability

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
Bills discounted	—	325.15
Claims against the company not acknowledged as debts:		
a) Customs Duty related matters	125.09	125.09
b) Sales Tax related matters	57.86	—
c) Electricity Tax related matters	85.67	0.00

### 26 Bank-wise Break up of Recompense payable under CDR Scheme

Name of the Bank	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
Indian Overseas Bank	4923.48	4923.48
Bank of India	3676.10	3676.10
<b>Total</b>	<b>8599.58</b>	<b>8599.58</b>

### 27 Raw Materials Consumed

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
Raw materials	11746.53	13563.12
Coal	4050.47	4993.92
<b>Total</b>	<b>15797.00</b>	<b>18557.04</b>

### 28 Consumption of Raw Materials, Coal, Stores & Spares, chemicals

Particulars	2014-15		2013-14	
	% of Total Consumption	Value (₹ Lakhs)	% of Total Consumption	Value (₹ Lakhs)
Imported	45	7500.90	55	10693.08
Indigenous	55	9103.08	45	8755.84
<b>Total</b>	<b>100</b>	<b>16603.98</b>	<b>100</b>	<b>19448.92</b>

**Notes to the Financial Statements**

(All amounts are in ₹ in Lakhs, unless otherwise stated)

**29 Finished Goods**

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
a) Opening Stock		
News print	48.31	13.04
Printing and Writing	130.84	57.01
b) Closing Stock		
News print	1.05	48.31
Printing and Writing	302.12	130.84

**30 Turnover details**

Particulars	2014-15 (₹ lakhs)	2013-14 (₹ lakhs)
Various grades of paper	16489.31	20391.67

**31 Value of Imports (Calculated on CIF basis)**

Particulars	2014-15	2013-14
Raw Materials	6341.39	7954.46
Coal	532.93	3237.81
Components and Spare parts	227.67	240.19

**32 Expenditure in Foreign Currencies (on accrual basis)**

Particulars	2014-15	2013-14
Travelling	1.55	0.70
Interest on Buyers Credit	—	3.05

**33 Earnings in foreign currency (on accrual basis)**

Particulars	2014-15	2013-14
Export – FOB Value	3896.99	4956.36

**34 Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days basic salary (based on last drawn remuneration) for each completed year of service. Arrangements are being made for the funding of the gratuity scheme.

The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### I. PRINCIPAL ACTUARIAL ASSUMPTIONS

[Expressed as weighted averages]

	2014-15	2013-14
Discount Rate	7.80%	9.10%
Salary escalation rate	4.00%	4.00%
Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	—	—

All amounts are in lakhs

### II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:

PVO as at the beginning of the period	13.87	10.12
Interest Cost	1.21	0.62
Current service cost	4.54	4.08
Past service cost - (non vested benefits)	—	—
Past service cost - (vested benefits)	—	—
Benefits paid	(1.17)	(0.30)
Actuarial loss/(gain) on obligation (balancing figure)	3.47	(0.65)
PVO as at the end of the period	21.90	13.87

### III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:

Fair value of plan assets as at the beginning of the period	—	—
Expected return on plan assets	—	—
Contributions	1.17	0.30
Benefits paid	(1.17)	(0.30)
Actuarial gain/(loss) on plan assets [balancing figure]	—	—
Fair value of plan assets as at the end of the period	—	—

### IV. ACTUAL RETURN ON PLAN ASSETS

Expected return on plan assets	—	—
Actuarial gain (loss) on plan assets	—	—
Actual return on plan assets	—	—

### V. ACTUARIAL GAIN / LOSS RECOGNIZED

Actuarial gain / (loss) for the period - Obligation	(3.47)	0.65
Actuarial gain / (loss) for the period- Plan Assets	—	—
Total (gain) / loss for the period	3.47	(0.65)
Actuarial (gain) / loss recognized in the period	3.47	(0.65)
Unrecognized actuarial (gain) / loss at the end of the year	—	—

**Notes to the Financial Statements**

(All amounts are in ₹ in Lakhs, unless otherwise stated)

**VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES**

Present value of the obligation	21.90	13.87
Fair value of plan assets	—	—
Difference	21.90	13.87
Unrecognised transitional liability	—	—
Unrecognised past service cost - non vested benefits	—	—
Liability recognized in the balance sheet	21.90	13.87

**VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:**

Current service cost	4.54	4.08
Interest Cost	1.21	0.62
Expected return on plan assets	—	—
Net actuarial (gain)/loss recognised in the year	3.47	(0.65)
Transitional Liability recognised in the year	—	—
Past service cost - non-vested benefits	—	—
Past service cost - vested benefits	—	—
Expenses recognized in the statement of profit and loss	9.21	4.05

**VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET**

Opening net liability	13.87	10.12
Expense as above	9.21	4.05
Contribution paid	(1.17)	(0.30)
Closing net liability	21.90	13.87

**IX. AMOUNT FOR THE CURRENT PERIOD**

Present Value of obligation	21.90	13.87
Plan Assets	—	—
Surplus (Deficit)	(21.90)	(13.87)
Experience adjustments on plan liabilities -(loss)/gain	(0.38)	(0.72)
Experience adjustments on plan assets -(loss)/gain	—	—

**35. Borrowing costs**

Amount of borrowing costs capitalized during the year is NIL (Previous year NIL). During the financial year one of the three bankers of the company has opted out of the CDR package and assigned its right in favour of an Asset Reconstruction Company (ARC). The company has still to receive the terms of assignment from the ARC. Hence, the interest there on could not be quantified and provided.

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### 36. Government Incentives

Based on the Tamil Nadu Government's incentive scheme for development of southern districts the company is eligible for refund of sales tax. The company has recognised a sum of Rs.375.90 Lakhs (Previous year Rs.458.32 Lakhs) as income under the scheme which is to be sanctioned.

### 37. Segmental Reporting

#### a) Primary Segments

(₹ In lakhs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	Paper		Power		Total	
<b>1 Segment Revenue</b>						
a) External Customers	16458.25	20355.00	5184.26	1869.02	21642.51	22224.02
b) Internal Segment			3660.79	4184.43	3660.79	4184.43
<b>Sub Total</b>	<b>16458.25</b>	<b>20355.00</b>	<b>8845.04</b>	<b>6053.44</b>	<b>25303.30</b>	<b>26408.45</b>
Less: Inter Segment revenue Net Sales / Income from operations			3660.79	4184.43	3660.79	4184.43
Add: Other Income attributable to Segments	639.37	743.41			639.37	743.41
<b>Total Segment Revenue</b>	<b>17097.62</b>	<b>21098.41</b>	<b>5184.26</b>	<b>1869.02</b>	<b>22281.88</b>	<b>22967.43</b>
<b>2 Segment Results</b>						
(Profit (+) / Loss (-) Before tax and Interest)	(1644.48)	194.66	647.53	508.02	(996.95)	702.68
Less:						
i) Interest					3212.74	3529.15
ii) Other unallocable expenditure net of unallocable come						
iii) Prior period / extra ordinary items						
<b>Profit Before Tax</b>	<b>(1644.48)</b>	<b>194.66</b>	<b>647.53</b>	<b>508.02</b>	<b>(4209.69)</b>	<b>(2826.47)</b>
Provision for Taxation						
<b>Profit After Tax</b>	<b>(1644.48)</b>	<b>194.66</b>	<b>647.53</b>	<b>508.02</b>	<b>(4209.69)</b>	<b>(2826.47)</b>
<b>3 Other Information</b>						
Segment Assets	28266.75	27140.93	7447.71	7751.26	35714.46	34892.19
Unallocated Corporate Assets						
<b>Total Assets</b>	<b>28266.75</b>	<b>27140.93</b>	<b>7447.71</b>	<b>7751.26</b>	<b>35714.46</b>	<b>34892.19</b>



## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31st March 2015	31st March 2014	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	Paper		Power		Total	
Segment Liabilities	12784.66	7685.13	213.47	199.29	12998.13	7884.41
Unallocated Corporate Liabilities						
<b>Total Liabilities</b>	<b>12784.66</b>	<b>7685.13</b>	<b>213.47</b>	<b>199.29</b>	<b>12998.13</b>	<b>7884.41</b>
Capital Expenditure (excludes unallocated capital expenditure Rs.NIL lakhs (previous year Rs NIL lakhs)	677.88	374.33	0.00	12.33	677.88	386.66
Depreciation (excludes unallocated capital expenditure Rs.NIL lakhs. (previous year Rs.NIL lakhs)	0.00	943.89	0.00	420.21	0.00	1364.10

### b. Geographical Segment

(₹ in lakhs)

Particulars	India		Rest of the world		Total	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Revenue from external customers	17259.02	16596.11	4383.49	5627.90	21642.51	22224.02

### 38. Related Party Disclosures:

1. Key Managerial Personnel : Sri. R. Ramswamy, Executive Chairman  
Sri Y. Shivaram Prasad, Managing Director  
Sri Y. Rambabu, Director & President (Operations)
2. Relatives of Key Managerial Personnel : Smt. R. Jeevanlatha, Wife of Sri. R. Ramswamy  
Smt. Shobana S Prasad, Daughter of Sri. R. Ramswamy  
Smt. Nirupa Sriramulu, Daughter of Sri. R. Ramswamy
3. Other related parties : Danalakshmi Paper Mills (P) Ltd.,  
Servall Engineering Works (P) Ltd  
Vijayalakshmi Paper Mills  
Sri Lakshmi Engineering Works

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

(₹ in lakhs)

Nature of transaction	31.03.2015			31.03.2014		
	Key Managerial Personnel	Relatives of Key Managerial personnel	Other Related parties	Key Managerial Personnel	Relatives of Key Managerial personnel	Other Related parties
Equity	—	—	—	—	—	—
Promoters Contribution under CDR scheme	277.50	—	1143.00	—	—	—
Purchases	—	—	427.94	—	—	184.45
Sales	—	—	—	—	—	—
Rendering of services	—	—	—	—	—	—
Receiving of services	—	—	20.69	—	—	67.37
Remuneration	100.27	—	—	29.74	—	—
Advance paid for Purchase	—	—	—	—	—	226.53
Amount payable	75.18	—	417.47	—	—	—
Amount Receivable	—	—	305.92	—	—	12.45

39. Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related Parties:

Particulars	Transactions	
	31st March 2015	31st March 2014
<b>1. Purchases</b>		
Other Related Parties		
Servall Engineering works (P) Ltd	416.82	184.45
<b>2. Receiving of Services</b>		
Other Related Parties		
Servall Engineering works (P) Ltd	17.87	57.67
Sri Lakshmi Engineering Works	2.82	9.70
<b>3. Advance paid for Purchase</b>		
Other Related Parties		
Danalakshmi Paper Mills (P) Ltd		226.53

**Notes to the Financial Statements**

(All amounts are in ₹ in Lakhs, unless otherwise stated)

Particulars	Transactions	
	31st March 2015	31st March 2014
<b>4. Promotors Contribution Under CDR Scheme</b>		
Other Related Parties		
Servall Engineering works (P) Ltd	1143.00	
Key Management Personnel		
Sri.R.Ramswamy	277.50	
<b>5.Remuneration</b>		
Key Management Personnel		
Sri.R.Ramswamy	48.17	12.02
Sri.Y.Shivaram Prasad	48.17	12.02
Sri.Y.Rambabu	3.94	5.70

**40. Earnings Per Share**

Particulars	2014-15	2013-14
Net loss as per the profit and loss account (₹ Lakhs)	(4209.69)	(2826.47)
Weighted average number of equity shares outstanding as at the end of the year	43113656	43113656
Basic and diluted earnings per share (in ₹)	(9.76)	(6.56)

**41. Deferred tax Liability/Asset**

In accordance with Accounting Standard 22 "Accounting for taxes on Income" (AS 22) issued by the Institute of Chartered Accountants of India, deferred tax assets and liability should be recognized for all timing differences in accordance with said standards. However, considering the present financial position and requirement of the Accounting Standard regarding certainty / virtual certainty, the same is not provided for as an asset (net). However, the same will be reassessed at a subsequent Balance Sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid Accounting Standard.

**42. Disclosure of Revenue from Sales Transactions as per Para 10 of Accounting Standard 9**

The total excise duty for the Period excluding the excise duty related to difference between the closing stock and opening stock has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Schedule 17 "Other Expenditure".

# SERVALAKSHMI PAPER LIMITED

## Notes to the Financial Statements

(All amounts are in ₹ in Lakhs, unless otherwise stated)

### 43. Unhedged foreign currency exposure

The foreign currency exposures at the end of the period that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Amount (Foreign currency)		Amount (₹ In Lakhs)	
	2015	2014	2015	2014
Debtors receivable	86959.70 USD	683025.36 USD	54.43	410.50
Loan payable	—	—	—	—
Creditors payable	1132893.40 USD	1835934.08 USD	709.08	1,103.40

### 44. Previous year comparatives

Figures for the previous year have been regrouped wherever necessary to conform to the classification for the Period.

As per our report of even date attached  
For **S. KRISHNAMOORTHY & Co.,**  
Chartered Accountants  
(Registration No.001496S)

**(Sd.) K.RAGHU**

Partner, Auditor

Membership No.11178

**(Sd) R. RAMSWAMY**  
Executive Chairman

**(Sd) Y. SHIVARAM PRASAD**  
Managing Director

Coimbatore  
22.05.2015



