



SERVALAKSHMI PAPER LIMITED

9th
Annual
Report
2013 - 2014

Contents

| | |
|---|-----------|
| Company Information | 2 |
| Notice to Members | 3 |
| Directors Report & Management Analysis | 25 |
| Report on Corporate Governance | 32 |
| Report of the Auditors | 43 |
| Balance Sheet | 47 |
| Statement of Profit and Loss | 48 |
| Cash Flow Statement | 49 |
| Notes on the Financial Statements | 50 |

Annual General Meeting on Friday, the 26th September 2014 at 09.30 a.m

SERVALAKSHMI PAPER LIMITED

CIN: L21012TN2005PLC092783

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| <i>Executive Chairman</i> | Sri. R. Ramswamy (DIN - 00010572) |
| <i>Managing Director</i> | Sri. Y. Shivaram Prasad (DIN - 00010734) |
| <i>Directors</i> | Sri. B. Sriramulu (DIN - 00002560) Sri. D. Muthusamy (DIN - 00010588) Sri. S. Srinivasaragavan (DIN - 00233784) Sri. V.S. Pattabiraman (DIN - 00784247) Sri. D.V.A. Manoharan (DIN - 06380802) (Upto 25.04.2014) Sri. Y. Rambabu (DIN - 06670173) (Upto 09.08.2014) |
| <i>Chief Financial Officer</i> | Sri. G.V. Ramana |
| <i>Company Secretary</i> | Smt. Praveena Dhanagopal |
| <i>Statutory Auditors</i> | M/s. S. Krishnamoorthy & Co. Chartered Accountants Coimbatore ICAI Registration No.01496S |
| <i>Registered Office & Plant Location</i> | Kodaganallur Village, Vaduganpatti Post, I.C.Pettai, Tirunelveli - 627 010. |
| <i>Corporate Office</i> | 31 (Old No. 10-Z), Bharathi Park, VII Cross, Saibaba Colony, Coimbatore - 641 011 Tamilnadu, India |
| <i>Bankers</i> | Indian Overseas Bank Bank of India State Bank of India |

Notice to Members

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of the Company will be held on Friday, 26th September 2014 at 09.30 am at the Registered Office of the Company situated at Kodaganallur Village, Vaduganpatti Post, I.C.Pettai, Tirunelveli - 627010 to transact the following businesses:

AGENDA

I. Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To re-appoint the Auditors and to fix their remuneration and in this regard to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to Section 224, and other applicable provisions, if any of the Companies Act, 1956) M/s. S. Krishnamoorthy & Co (Firm Registration No. 001496S) Chartered Accountants, Coimbatore be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a period of 3 years from the conclusion of this Annual General Meeting till the conclusion of the 12th Annual General Meeting which ought to be held in the year 2017, subject to ratification by the Shareholders annually, at a remuneration to be decided by the Board of Directors in consultation with the Auditors."

II. Special Business

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. V.S. Pattabiraman (holding DIN 00784247), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 26th September 2014 to hold office for five consecutive years for a term up to 25th September 2019, not liable to retire by rotation."

SERVALAKSHMI PAPER LIMITED

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. D. Muthusamy (holding DIN 00010588), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 26th September 2014 to hold office for five consecutive years for a term up to 25th September 2019, not liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. S. Srinivasaragavan (holding DIN 00233784), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of the Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 26th September 2014 to hold office for five consecutive years for a term up to 25th September 2019, not liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution:**

"RESOLVED THAT subject to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, Article 39 of Articles of Association of the Company be and is hereby amended in the following manner;

The existing Article 39 be deleted and the following new Article 39 shall be substituted thereof

"39. The Board of Directors of the Company may, subject to the provisions of the Companies Act, 2013, or any modification thereof, from time to time, appoint one or more of their body to the office of Chairman, Vice Chairman, Managing Director, Joint Managing Director or Whole Time Director for such period and on such terms as it thinks fit.

The Independent Director(s) appointed pursuant to the provisions of Section 149 of the Companies Act, 2013 shall not while holding such office be subject to retirement by rotation at the Annual General Meeting(s) but however the Chairman, Vice Chairman, Managing Director,

Joint Managing Director or Whole Time Director shall be subject to retirement by rotation at the Annual General Meeting(s). The Board may entrust to and confer upon such Chairman, Vice Chairman, Managing Director, Joint Managing Director or Whole Time Director all or any of the powers exercisable by them with such restrictions as they think fit, either collaterally with or to the exclusion of their own powers and subject to the superintendence, control and direction. The remuneration payable to such persons shall be sanctioned by the Company in the General Meeting."

7. To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the 5th Annual General Meeting held on 7th June 2010 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 read with the relevant Rules thereof, consent and approval of the Company be and is hereby accorded to the Board of Directors to borrow from time to time in one or more tranches, for the purpose of the Company's business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies to be borrowed together with that already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) and remaining outstanding will exceed the aggregate of the paid-up share capital and free reserves, provided that the total amount upto which monies may be borrowed by the Board of Directors (apart from temporary loans obtained from the company's bankers) shall not exceed of ₹ 700 Crores (Rupees Seven Hundred Crores only)."

8. To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of the Ordinary Resolutions adopted at the 5th Annual General Meeting held on 7th June 2010 and pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the relevant Rules thereof the members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to mortgage or otherwise dispose of or to create charge, mortgage and/or hypothecate the whole of or substantially the whole of the undertakings of the Company at such time and on such terms and conditions as the Board may deem fit, in the best interest of the Company."

"RESOLVED FURTHER THAT the Board shall have the power to mortgage or otherwise offer as collateral, substantial property, assets, and/or undertakings of the Company (both present and future) in certain events, to banks/financial institutions, other lending agencies, and/or trustees for the holders of debentures/bonds/other instruments, to secure any rupee loans or foreign currency loans not exceeding Rs. 700 crores."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize the terms and conditions for creating the aforesaid mortgage and/or charge and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution."

SERVALAKSHMI PAPER LIMITED

9. To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution:**

"RESOLVED THAT subject to the provisions of sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactments there of for the time being in force) Mr. R. Ramswamy (holding DIN: 00010572) be and is hereby re-designated as Executive Chairman of the Company for a period of three years with effect from 1st January 2014 on a remuneration as recommended by the Remuneration Committee and approved by the Board of Directors, on the terms and conditions as set out in the Statement annexed to the Notice convening this Meeting."

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

10. To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution:**

"RESOLVED THAT subject to the provisions of sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactments there of for the time being in force) Mr. Y. Shivaram Prasad (holding DIN: 00010734) be and is hereby appointed as Managing Director of the Company for a period of three years with effect from 1st January 2014 on a remuneration as recommended by the Remuneration Committee and approved by the Board of Directors, on the terms and conditions as set out in the Statement annexed to the Notice convening this Meeting."

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

11. To consider and if thought fit, to pass with or without modification the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Companies (Meetings of Board and its powers) Rules 2014 and read with Clause 49 (VII) of the Listing Agreements entered into with the Stock Exchange(s) and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter into contracts and/or agreements with related parties as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of or buying, leasing of property of any kind, availing or rendering of any services or any other transaction of whatever nature with the following related parties."

| S.No. | Name of the Related Party Companies | Transaction limit per annum with effect from 01.04.2014 (₹ in Lakhs) |
|-------|---|--|
| 1 | Servall Engineering Works Private Limited | 2,500 |
| 2 | Danalakshmi Paper Mills Private Limited | 1,500 |
| 3 | Vijayalakshmi Paper Mills | 750 |
| 4 | Sri Lakshmi Engineering Works | 1,000 |

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Mr. V.S. Pattabiraman is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 9th June, 2012. The qualification and expertise of Mr. V.S. Pattabiraman has been detailed in the annexure attached.

Mr. V.S. Pattabiraman retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. V.S. Pattabiraman being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 26th September 2014. A notice has been received from a member proposing Mr. V.S. Pattabiraman as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. V.S. Pattabiraman fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. V.S. Pattabiraman as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. V.S. Pattabiraman as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. V.S. Pattabiraman as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. V.S. Pattabiraman, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 3.

SERVALAKSHMI PAPER LIMITED

Item No. 4

Mr. D. Muthusamy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 12th February, 2007. The qualification and expertise of Mr. D. Muthusamy has been detailed in the annexure attached.

Mr. D. Muthusamy retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. D. Muthusamy being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 26th September 2014. A notice has been received from a member proposing Mr. D. Muthusamy as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. D. Muthusamy fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. D. Muthusamy as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. D. Muthusamy as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. D. Muthusamy as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. D. Muthusamy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Item No. 5

Mr. S. Srinivasaragavan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 31st March 2010. The qualification and expertise of Mr. S. Srinivasaragavan has been detailed in the annexure attached.

Mr. S. Srinivasaragavan is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. S. Srinivasaragavan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 26th September 2014. A notice has been received from a member proposing Mr. S. Srinivasaragavan as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. S. Srinivasaragavan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. S. Srinivasaragavan

as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S. Srinivasaragavan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. S. Srinivasaragavan as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. S. Srinivasaragavan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No. 6

The Board of Directors at their meeting held on 9th August 2014 and subject to approval of members in the ensuing general meeting has recommended to alter Article 39 of the Articles of Association of the Company. The Article has to be altered in line with the Companies Act, 2013 to make the office of Managing Director/ Whole time Directors liable to retire by rotation. The present Article 39 states that the office Chairman, Vice Chairman, Managing Director, Joint Managing Director or Whole Time Director, while holding such office shall not be liable to retirement by rotation at the Annual General Meeting.

Therefore, the Board of Directors in order to comply with the provisions of Section 152(6) of the Companies Act, 2013 recommends amendment to the Articles of Association by deleting the existing Article 39 and substituting with new Article 39, to make the office of Chairman, Vice Chairman, Managing Director, Joint Managing Director or Whole Time Director, while holding such office, liable to retirement by rotation at the Annual General Meetings.

The resolution at Item No. 6 of the Notice is set out as a Special Resolution for approval by the members in terms of Section 14 of the Companies Act, 2013.

A copy of the Articles of Association of the Company together with the proposed amendments will be available for inspection by the members during the office hours on any working day prior to the date of AGM at the Registered Office of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7 & 8

Pursuant to the notification issued by the Ministry of Corporate Affairs on September 12, 2013, Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013 have come into force with effect from September 12, 2013. Accordingly the limits approved by the members of the Company under Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956 is valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013. In order to comply with the provisions of Companies Act, 2013, approval of the Members is sought by way of Special Resolution under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, to borrow monies in excess of Paid-up Capital of the Company and

SERVALAKSHMI PAPER LIMITED

its free reserves and to create security by way of creating mortgage, hypothecation and / or charge on movable / immovable properties of the Company.

The Board recommends the Special Resolution as set out in Item No.7 & 8 of the Notice for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7 & 8.

Item No. 9

The Board of Directors at their meeting held on 9th August 2014 re-designated Mr.R.Ramswamy, as Executive Chairman of the Company for a period of three years with effect from 1st January 2014 on a remuneration as approved by the Remuneration Committee on the terms and conditions as set out below:

REMUNERATION:

- (a) Salary of ₹ 4,00,000/- (Rupees Four Lakhs only) per month.
- (b) Perquisites - Perquisites applicable to the Executive Chairman is as follows:
 - i. Leave: As per applicable Rules of the Company
 - ii. Leave Encashment: As per applicable Rules of the Company
 - iii. Company's contribution to Provident Fund and Gratuity which shall not be included in the computation of limits for remuneration or perquisites.
 - iv. Reimbursement of club, medical and travel bills.
- (c) General:
 - i. He shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.
 - ii. Subject to the superintendence, control and direction of the Board, he shall exercise substantial managerial powers in general and specific powers as may from time to time be lawfully entrusted to and conferred upon him by the Board.

The salary and perquisites mentioned above shall be the minimum remuneration payable in the absence or inadequacy of profits in the financial year, however, the remuneration payable shall not exceed the limit specified in Schedule V of the Companies Act 2013 or such other limits as may be notified by the Government from time to time as minimum remuneration.

As per the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, the appointment shall be subject to the approval of the shareholders of the Company in the General meeting. Hence the necessary resolution is placed before the members for their approval.

The Board of Directors recommend the Special Resolution in Item No. 9 of the Notice for the approval of the members.

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

Except Mr.R.Ramswamy, being an appointee and Mr.Y.Shivaram Prasad and Mr.B.Sriramulu, relatives of the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

Item No. 10

The Board of Directors at their meeting held on 9th August 2014 appointed Mr.Y.Shivaram Prasad, as Managing Director of the Company for a period of three years with effect from 1st January 2014 on a remuneration as approved by the Remuneration Committee on the terms and conditions as set out below:

REMUNERATION:

- (a) Salary of ₹ 4,00,000/- (Rupees Four Lakhs only) per month.
- (b) Perquisites - Perquisites applicable to the Managing Director is as follows:
 - i. Leave: As per applicable Rules of the Company
 - ii. Leave Encashment: As per applicable Rules of the Company
 - iii. Company's contribution to Provident Fund and Gratuity which shall not be included in the computation of limits for remuneration or perquisites.
 - iv. Reimbursement of club, medical and travel bills.
- (c) General:
 - i. He shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.
 - ii. Subject to the superintendence, control and direction of the Board, he shall exercise substantial managerial powers in general and specific powers as may from time to time be lawfully entrusted to and conferred upon him by the Board.

The salary and perquisites mentioned above shall be the minimum remuneration payable in the absence or inadequacy of profits in the financial year, however, the remuneration payable shall not exceed the limit specified in Schedule V of the Companies Act 2013 or such other limits as may be notified by the Government from time to time as minimum remuneration.

As per the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, the appointment shall be subject to the approval of the shareholders of the Company in the General meeting. Hence the necessary resolution is placed before the members for their approval.

The Board of Directors recommend the Special Resolution in Item No. 10 of the Notice for the approval of the members.

SERVALAKSHMI PAPER LIMITED

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

Except Mr. Y. Shivaram Prasad, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

Item No. 11

The Company has been entering into transactions with related parties conforming to prescribed statutory procedure under the Companies Act, 1956 and with the approval of the Central Government in respect of such transactions falling under the proviso to the Section 297(1) of the Companies Act, 1956.

The Company also proposes to enter into such transactions with related parties conforming to the requirements of the Companies Act, 2013 for a period of 5 years with effect from 01.04.2014.

In the above context the necessary Special Resolution is proposed for the approval of the members. The transactions have been approved by the Audit Committee in their meeting held on 09.08.2014 and also by the Board of Directors subject to the Company passing a Special Resolution as per the requirement of the Act.

The particulars as to the related party transactions are furnished below as per the requirements of the prescribed rules and the grounds for having the transactions.

All contracts will be subject to the conditions that the prescribed price / charges payable under the contracts shall be competitive, shall be based on prevailing market price, shall not be prejudicial to the interest of either parties and shall be at arm's length.

The Details of the related party transaction(s) are furnished below.

| | | |
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| 1 | Name of the related party | M/s. Servall Engineering Works Private Limited |
| | Name of the Director/ KMP who is related, if any | R. Ramswamy, Y. Shivaram Prasad and D. Muthusamy |
| | Nature of relationship | Interested as Directors / Shareholders |
| | Nature, Material Terms, monetary value and particulars of the contract or arrangement; | 1) Purchase of Machinery, Machinery Spares & Components. 2) Availing Technical Services for Maintenance of Machinery. (Monetary Value – ₹ 2500 lacs) |
| | Tenure of the contract | The Contract would be for a period of 5 years w.e.f. 01.04.2014 |
| | Any other information relevant or important for the members to take decision on the proposed resolution | The Company has obtained necessary Central Government approval vide Letter No. 2/c 11632/13(297) dt. 06.08.2013 for the period from 01.04.2013 to 31.03.2016 for entering into transactions with this Company for an amount not exceeding ₹ 1,300 lakhs. |

| | | |
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| 2 | Name of the related party | M/s.Danalakshmi Paper Mills Private Limited |
| | Name of the Director/ KMP who is related, if any | R.Ramswamy, Y.Shivaram Prasad, B.Sriramulu and D.Muthusamy |
| | Nature of relationship | Interested as Directors / Shareholders |
| | Nature, Material Terms, monetary value and particulars of the contract or arrangement; | <ol style="list-style-type: none"> 1) Purchase of parts of old machinery, spares, components, raw materials, papers, chemicals, dyes and other stores items 2) Sale of all kinds of papers, parts of old machinery, spares, components, raw materials, chemicals, dyes and other stores items 3) Availing of technical services for maintenance of machinery 4) Rendering of technical services for maintenance of machinery (Monetary value - ₹ 1500 lacs) |
| | Tenure of the contract | The Contract would be for a period of 5 years w.e.f. 01.04.2014 |
| | Any other information relevant or important for the members to take decision on the proposed resolution | Nil |
| 3 | Name of the related party | M/s.Vijayalakshmi Paper Mills |
| | Name of the Director/ KMP who is related, if any | R.Ramswamy |
| | Nature of relationship | Interested as relative of Proprietor |
| | Nature, Material Terms, monetary value and particulars of the contract or arrangement; | <ol style="list-style-type: none"> 1) Purchase of all varieties of papers, parts of old machinery, spares, components, raw materials, chemicals, dyes and other stores items 2) Sale of parts of old machinery, spares, components, raw materials, papers, chemicals, dyes and other stores items (Monetary value – ₹ 750 lacs) |
| | Tenure of the contract | The Contract would be for a period of 5 years w.e.f. 01.04.2014 |
| | Any other information relevant or important for the members to take decision on the proposed resolution | Nil |
| 4 | Name of the related party | M/s.Sri Lakshmi Engineering Works |
| | Name of the Director/ KMP who is related, if any | R.Ramswamy |
| | Nature of relationship | Interested as relative of Proprietor |
| | Nature, Material Terms, monetary value and particulars of the contract or arrangement; | <ol style="list-style-type: none"> 1) Purchase of parts of Machinery, Spares, Components etc. 2) Availing of services by way of Repairing. (Monetary Value - 1000 Lakhs) |

SERVALAKSHMI PAPER LIMITED

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|---|---|
| Tenure of the contract | The Contract would be for a period of 5 years w.e.f. 01.04.2014 |
| Any other information relevant or important for the members to take decision on the proposed resolution | The Company has obtained necessary Central Government approval vide Letter No. 2/c 11632/13(297) dt. 06.08.2013 for the period from 01.04.2013 to 31.03.2016 for entering into transactions with this Company for an amount not exceeding ₹ 75 lakhs. |

The Board recommends the Special Resolution as set out in Item No.11 of the Notice for the approval of the members who are not related party(s).

Directors / Key Managerial Personnel of the Company or their relatives as mentioned as related parties above, may be deemed to be interested or concerned in the resolution.

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.

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 15th September 2014 to 26th September 2014 (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 M/s. 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, 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, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028.
12. Electronic copy of the Annual Report for 2014, the Notice of the 9th Annual General Meeting of the Company and instructions for e-voting / Postal Ballot, along with the Attendance Slip and Proxy Form, are being 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 2014 is being sent in the permitted mode.

13. Voting through electronic means:

1. Pursuant to Clause 35B of the Listing Agreement with the Stock Exchange and 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 members facility to exercise their right to vote at the 9th Annual General Meeting (AGM) by electronic means and the business may be transacted through the e-voting services provided by Central Depository Services (India) Limited (CDSL):

In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this notice, a postal ballot Form is annexed. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to the Scrutinizer Mr. M.D. Selvaraj, Proprietor of MDS & Associates, “Surya”, 35 Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028 so as to reach him on or before 22nd September, 2014 by 05.00 P.M. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received. Kindly note that members can opt for only one mode of voting i.e., either by postal ballot or through e-voting.

SERVALAKSHMI PAPER LIMITED

However, in case of members casting their vote by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.

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

(A) In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) 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.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

| | |
|------------------------|---|
| 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">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field. |
| 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. |

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 number of shares held by you as on the cut off date in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) 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.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on “Servalakshmi Paper Limited” with EVSN 140811008 on which you choose to vote.
- (xi) 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.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(B) In case of members receiving the physical copy:

- i) Please follow all steps from Sl. No. (i) to Sl. No. (xv) above to cast vote.
- ii) The voting period begins on 20th September 2014 at 9.00 a.m. and ends on 22nd September 2014 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 (record

SERVALAKSHMI PAPER LIMITED

date) of 15th August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

iii) 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

(C) In case of members desiring to exercise vote by Postal Ballot:

A Member desiring to exercise vote by Postal Ballot should complete the Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed business reply envelope properly sealed. Members are requested to read the instructions contained on the reverse of the Postal Ballot Form and follow the same.

2. 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 (record date) of 15th August 2014.
3. Mr.M.D.Selvaraj FCS, Proprietor MDS & Associates, Company Secretaries, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
4. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes 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 favor or against, if any, forthwith to the Chairman of the Company.
5. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.servalakshmi.in and on the website of CDSL within two (2) 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.

AS THE COMPANY HAS PROVIDED E-VOTING /POSTAL BALLOT VOTING IN TERMS OF CLAUSE 35B OF THE LISTING AGREEMENT, MEMBERS MAY PLEASE NOTE THAT THERE WILL BE ONLY ONE MODE OF VOTING EITHER THROUGH E-VOTING OR BY POST. THE SCRUTINIZER WILL COLLATE THE VOTES DOWNLOADED FROM THE E-VOTING SYSTEM AND VOTES RECEIVED THROUGH POSTAL BALLOT TO DECLARE THE FINAL RESULT FOR EACH OF THE RESOLUTIONS FORMING PART OF THE NOTICE OF ANNUAL GENERAL MEETING.

Transport facility has been arranged from Tirunelveli Old Bus Stand to Registered Office of the Company and the vehicle will start at 8.30 a.m.

By order of the Board
For Servalakshmi Paper Limited

(Sd/-)

R. RAMSWAMY
Executive Chairman

Coimbatore
9th August, 2014

Statement of Information relevant to Mr R.Ramswamy as under Section II(A) of Part II of Schedule V of the Companies Act, 2013

I. General Information

| | | | | |
|---|---|--|------------|-----------|
| 1 | Nature of Industry | Paper Industry | | |
| 2 | Date or expected date of commencement of commercial production | The Company was incorporated on November 3, 2005 and commenced commercial production subsequently in the same year | | |
| 3 | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable | | |
| 4 | Financial performance based on given indicators | (₹ in lakhs) | | |
| | | Particulars | 2013-14 | 2012-13 |
| | | Sales and other income | 22967.42 | 18548.54 |
| | | Profit/(Loss) Before Tax | (2826.47) | (4577.75) |
| | | Profit/(Loss) After Tax | (2826.47) | (4577.75) |
| | | Paid up Equity Capital | 4311.37 | 4311.37 |
| | | Reserves and Surplus | (11297.61) | (8471.14) |
| | | Basic Earning Per Share | (6.56) | (10.62) |
| 5 | Foreign investments or collaborations, if any | Not applicable | | |

II. Information about the appointee

| | | |
|---|-----------------------|--|
| 1 | Background details | Mr. R. Ramswamy is a Graduate in Mechanical Engineering and a renowned paper technologist with 44 years of experience in the industry. His sound technical knowledge of paper making with constant technology upgradation has helped the company to accrue performance consistently above par in comparison to others in the Paper Industry. |
| 2 | Past remuneration | The remuneration including perquisites paid to Mr. R. Ramswamy for the Year 2013-14 is ₹ 12,02,340/- (for three months from 01.01.2014 to 31.03.2014) |
| 3 | Recognition or awards | <ul style="list-style-type: none"> • All India Paper Maker's Association Award • International Award for Excellence '90 • Udyog Patra Award • Paperx' 93 Award for Excellence • Capexil Award for Exports in 2004-05 • Outstanding Alumnus of CIT in 2006 |

SERVALAKSHMI PAPER LIMITED

| | | |
|---|---|---|
| 4 | Job profile and his suitability | <p>Job profile: To provide leadership, support and advice to the MD / WTD / Board of Directors and the Top Management of the Company to make strategic decisions.</p> <p>Suitability: A person associated with the company since its incorporation.</p> <p>His strong market understanding, quick response with various product mixes have ensured the Company a strong presence in all the segments of Paper industry.</p> <p>A stalwart who can foresee the future of the industry and make decisions which will guide the company in line with the expectations of the industry.</p> |
| 5 | Remuneration proposed | Details of proposed remuneration have been disclosed in Item No.9. |
| 6 | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | Taking into consideration the size of the company, profile of the Mr. R. Ramswamy, responsibility shouldered on him and the industry standard, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies. |
| 7 | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Besides the remuneration being received, the Executive Chairman does not have any pecuniary relationship with the company. He is not related to any director of the Company except Mr. Y. Shivaram Prasad, Managing Director and Mr.B.Sriramulu, Director being his relatives. |

III. Other Information

| | | |
|---|--|---|
| 1 | Reasons of loss or inadequate profits | Due to recession and financial hardships the profits are inadequate. |
| 2 | Steps taken or proposed to be taken for improvement | During the year under review, the Company has received good enquiries from various customers. The Company has taken various effective cost control methods which would result in better profitability in the ensuing years. |
| 3 | Expected increase in productivity and profits in measurable terms. | Barring unforeseen circumstances, the Company's operation should give normal returns in the financial year 2014-15. |

IV. Disclosures

The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any attached to the financial statement

| | | |
|-------|--|---|
| (i) | All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors | Disclosed in Corporate Governance Report attached |
| (ii) | Details of fixed component and performance linked incentives along with the performance criteria | Disclosed |
| (iii) | Service contracts, notice period, severance fees | Disclosed |
| (iv) | Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable | The Company has not issued any Stock option |

Statement of Information relevant to Mr.Y.Shivaram Prasad as under Section II(A) of Part II of Schedule V of the Companies Act, 2013

I. General Information

| | | | | |
|---|---|--|------------|-----------|
| 1 | Nature of Industry | Paper Industry | | |
| 2 | Date or expected date of commencement of commercial production | The Company was incorporated on November 3, 2005 and commenced commercial production subsequently in the same year | | |
| 3 | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable | | |
| 4 | Financial performance based on given indicators | (₹ in lakhs) | | |
| | | Particulars | 2013-14 | 2012-13 |
| | | Sales and other income | 22967.42 | 18548.54 |
| | | Profit/(Loss) Before Tax | (2826.47) | (4577.75) |
| | | Profit/(Loss) After Tax | (2826.47) | (4577.75) |
| | | Paid up Equity Capital | 4311.37 | 4311.37 |
| | | Reserves and Surplus | (11297.61) | (8471.14) |
| | | Basic Earning Per Share | (6.56) | (10.62) |
| 5 | Foreign investments or collaborations, if any | Not applicable | | |

SERVALAKSHMI PAPER LIMITED

II. Information about the appointee

| | | |
|---|---|--|
| 1 | Background details | |
| 2 | Past remuneration | The remuneration including perquisites paid to Mr. Y. Shivaram Prasad for the Year 2013-14 is ₹ 12,02,340/- (for three months from 01.01.2014 to 31.03.2014) |
| 3 | Recognition or awards | Nil |
| 4 | Job profile and his suitability | <p>Job Profile: Managing Director shall devote his whole-time and attention to the business and operation of the Company and carry out such duties as may be entrusted to him by the Board of Directors from time to time.</p> <p>Suitability: His dynamic nature, strategic thinking, foreseeing the future of the industry, market knowledge and technical capabilities has made him suitable for the post of Managing Director.</p> |
| 5 | Remuneration proposed | Details of proposed remuneration have been disclosed in Item No.10 |
| 6 | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | Taking into consideration the size of the company, profile of the Mr.Y.Shivaram Prasad, responsibility shouldered on him and the industry standard, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies. |
| 7 | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Besides the remuneration being received, the Managing Director does not have any pecuniary relationship with the company. He is not related to any director of the Company. |

III. Other Information

| | | |
|---|--|---|
| 1 | Reasons of loss or inadequate profits | Due to recession and financial hardships the profits are inadequate. |
| 2 | Steps taken or proposed to be taken for improvement | During the year under review, the Company has received good enquiries from various customers. The Company has taken various effective cost control methods which would result in better profitability in the ensuing years. |
| 3 | Expected increase in productivity and profits in measurable terms. | Barring unforeseen circumstances, the Company's operation should give normal returns in the financial year 2014-15. |

IV. Disclosures

The following disclosures shall be mentioned in the Board of Director’s report under the heading “Corporate Governance”, if any attached to the financial statement

| | | |
|-------|--|---|
| (i) | All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors | Disclosed in Corporate Governance Report attached |
| (ii) | Details of fixed component and performance linked incentives along with the performance criteria | Disclosed |
| (iii) | Service contracts, notice period, severance fees | Disclosed |
| (iv) | Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable | The Company has not issued any Stock option |

Details of Directors seeking Appointment / Re-appointment (in pursuance of Clause 49(IV) (G) of the Listing Agreement)

| Name | Mr. V.S. PATTABIRAMAN | MR. D MUTHUSAMY |
|--|---|--|
| Date of Birth | 13.06.1948 | 11.09.1949 |
| Year of induction to the Board | 2012 | 2007 |
| Qualification | Post Graduate in Commerce | B.A. |
| Relationship | None | None |
| Experience / Expertise | He has over 28 years of experience in Institutional Financing, held senior positions in Central & State Level Financial Institutions. He has been a former Executive Director of a State Financial Corporation. He has served on the Board of several Public and Private limited Companies as Director. | He brings a vast experience of the paper industry especially in Paper Mill process for 30 years. |
| Shareholding | NIL shares | NIL shares |
| Directorships / Partnership Name of Company / LLP | 1. Nutra Specialities P Ltd 2. LifeCell International Pvt Ltd 3. TRI Cell Therapeutics Pvt Ltd. 4. Brahmavidya LLP | 1. Servall Engineering Works Pvt Ltd 2. Danalakshmi Paper Mills Pvt Ltd |
| Other Committee Membership | Nil | Nil |

SERVALAKSHMI PAPER LIMITED

| | | |
|---------------------------------|--|---|
| Name | MR. S SRINIVASARAGAVAN | MR.R.RAMSWAMY |
| Date of Birth | 13.07.1950 | 12.03.1939 |
| Year of induction to the Board | 2010 | 2005 |
| Qualification | BE, M Tech., MS | B.E. |
| Relationship | None | Relative of Mr. Y. Shivaram Prasad and Mr. B. Sriramulu |
| Experience / Expertise | He is a Leading technocraft and expert in boiler, castings and forging technology. | He is a renowned paper technologist and has over 40 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. |
| Shareholding | NIL shares | 1957000 shares |
| Directorships – Name of Company | <ol style="list-style-type: none"> 1. Harihar Alloys P Ltd 2. Wellshine Investments & Financial Services Ltd 3. Wellshine Chit Funds P Ltd 4. Harihar Dwellings P Ltd 5. Jaya Anand Spinning Mills P Ltd 6. Quality Tech Precision Castings P Ltd. | <ol style="list-style-type: none"> 1. Servall Engineering Works P. Ltd 2. Danalakshmi Paper Mills P. Ltd |
| Other Committee Membership | Nil | Nil |

| | |
|---------------------------------|--|
| Name | MR. Y. SHIVARAM PRASAD |
| Date of Birth | 11.11.1964 |
| Year of induction to the Board | 2007 |
| Qualification | B.E. |
| Relationship | None |
| Experience / Expertise | Mr.Y.Shivaram Prasad has wide experience in the paper industry, especially in paper machine building technology and management of Paper mills |
| Shareholding | 1834080 shares |
| Directorships – Name of Company | <ol style="list-style-type: none"> 1. Servall Engineering Works Private Limited 2. Danalakshmi Paper Mills Private Limited |
| Other Committee Membership | Nil |

Directors' Report and Management Analysis

Dear Shareholders,

Your Directors have pleasure in submitting the ninth annual report of the company together with the audited accounts for the financial year ended 31st March 2014. The Management Discussion and Analysis (MDA) report has been included at appropriate places in this report.

FINANCIAL RESULTS:

The summarized financial results are as under :

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|---|-------------------------------|-------------------------------|
| | ₹ in lacs | ₹ in lacs |
| 1. Net Sales / Income from operations | 22224.02 | 18010.44 |
| 2. Other Income | 743.41 | 538.10 |
| 3. Total Expenditure | 21120.72 | 17315.22 |
| EBITDA | 1846.71 | 1233.32 |
| 4. Finance Charges | 3529.15 | 4353.96 |
| 5. Depreciation | 1364.10 | 1351.35 |
| 6. Profit before Tax | (3046.54) | (4471.99) |
| 7. Provision for Taxation | — | — |
| 8. Net Profit (before Exceptional / Extraordinary items) | (3046.54) | (4471.99) |
| 9. Exceptional/ Extraordinary items | 220.07 | (105.76) |
| 10. Net Profit | (2826.47) | (4577.75) |

The turnover of the Company rose to ₹ 222 Crores (23%) compared to ₹ 180 Crores in the previous year.

With the installation of certain critical equipments, the paper machine is now stabilized with increased runnability and we foresee a considerable increase in the production and sales for the forthcoming Year 2014-15 also.

DIVIDEND

Due to loss incurred by the Company, the Board has not recommended any dividend for the year ended 31st March 2014.

SERVALAKSHMI PAPER LIMITED

PERFORMANCE OF THE COMPANY:

The total paper production during the Financial Year 2013-14 was 54975 tonnes, out of which 37635 tonnes (68 %) was Newsprint (NP) and 17340 tonnes (32%) was Printing and Writing Paper (PWP).

The Company has exported 13155 tonnes (24 % of production) out of which 2159 tonnes was Newsprint (NP) and 10996 tonnes was Printing and Writing Paper (PWP). Compared with Newsprint, Printing and Writing Paper yields better margin.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Contribution of Paper towards Education, dissemination of information and knowledge and packaging cannot be matched. Despite the predictions that digital era would render paper obsolete, Paper industry has been growing year after year.

Annual revenue from the Paper Sector to the world economy is more than USD 500 Billion. Current paper consumption nears 400 million tonnes per annum.

Global demand for Paper is expected to grow by 2 – 3 % per annum. Emerging markets are expected to grow by 5%, whereas India is expected to have an annual growth of about 6% per annum slightly ahead of China.

Paper Industry in India is high fragmented, with nearly 1000 paper mills in operation producing nearly 12 Million tonnes of Paper, Paper Boards and Newsprint. The consumption is nearly 13 million tonnes. It is expected to touch almost 14 million tonnes by 2015-16 and 20 million tonnes by 2020, clearing indicating the Scope of the Paper Industry in India. With growing literacy rates and the economy, this seems to be Certain.

As per the ICRA reports, the market size and per capita consumption have grown from 7.3 Kg in 2008-09 to nearly 11 Kg in 2014, clearly exhibiting the growing demand for Paper in India.

India's effective literacy rate continues to be around 74%. The Education sector received an allocation of ₹ 68728 Crores in the Union Budget 2014.

There is a continuous demand for Newsprint (NP) throughout the year, where as Printing and Writing Paper (PWP) has seasonality. The peak demand for PWP is from January to June every year and July to December is lean period.

OUTLOOK, RISKS, CONCERNS, OPPORTUNITIES AND THREATS

The products News Print and Print and Writing Paper varieties were manufactured using 100% Recycled fibre and hence the products are not comparable to the products of virgin pulp based A-grade mills in quality.

The paper industry is poised for a positive outlook globally. ICRA expects the paper industry to grow at 6%. India has high potential for Paper Industry as the per capital consumption of paper is low compared to other grown up countries.

Non availability of Raw materials is a major concern for the Industry. Our Company imports waste paper and coal. International Market conditions and the rupee fluctuation will have a major impact on the margins of the Company. Also rise in the inflation rates will affect the profitability margins. The high gap between the demand and supply, capacity additions and high energy consumption costs are always a concern.

With better resources, we are concentrating on the higher revenue segment which will earn more EBIDTA. We are aiming for a market capitalization of 5% in the Printing and Writing paper segment as the margins are high compared to other segments. We have a strong domestic and international customer base and dealer network to market our increased capacity. There is a huge potential for exports and our Company is concentrating on increasing the Export turnover.

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.

DIRECTORS

The Board of Directors are sad to inform the sudden demise of our Director Mr.D.V.A.Manoharan on 26.04.2014. The Directors wish to place on record their special appreciation to the services rendered by him during his tenure of office as Director.

Mr. Y. Rambabu has tendered his resignation due to his personal commitments and preoccupation and the Board at its meeting held on 9th Day of August 2014 has accepted the same. The Directors wish to place on record their special appreciation to the services rendered by him during his tenure of office as Director.

The Board of Directors had re-designated Mr.R.Ramswamy as Executive Chairman and appointed Mr.Y.Shivaram Prasad as Managing Director of the company for a period of three years with effect from 1st January 2014.

Mr.V.S.Pattabiraman and Mr.D.Muthusamy retire at the ensuing Annual General Meeting and it has been proposed to appoint them as Independent Directors for five consecutive years with effect from 26th September 2014. Mr. S. Srinivasaragavan, Director of the Company, is proposed to be appointed as Independent Director for a period of five consecutive years with effect from 26th September 2014 as per provisions of Section 149 and other applicable provisions of the Companies Act, 2013.

A brief resume, expertise, shareholding in the Company and details of other Directorships of these Directors as stipulated under Clause 49 of the Listing Agreement with the Stock exchange form part of the notice of the ensuing Annual General Meeting.

Your Directors recommend their appointment/re-appointment.

FINANCE

Your Directors acknowledge with gratitude, the valuable financial assistance and support extended by the Company's Consortium bankers M/s. Indian Overseas Bank, M/s. State Bank of India and M/s. Bank of India.

The Debt Restructuring Package proposed for the Company was accepted by the CDR Cell on 31st January 2014 and the package is implemented successfully and we have received sanction letters from the respective bankers.

SERVALAKSHMI PAPER LIMITED

FIXED DEPOSIT

The company has not accepted any Fixed Deposits from public during the year and hence there are no unclaimed deposits as at 31st March 2014.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company values and understands the need for continuous growth and development of its people in order to have greater productivity and provide job satisfaction and also equip them to meet growing organizational challenges. We have an excellent harmonious industrial relation at the plant. The company has genuine concern and top priority for safety and welfare of its employees. Health and safety remains an area of very high priority for the company.

CORPORATE SOCIAL RESPONSIBILITY

Our Company is committed to the social and employee welfare and we are determined to help create a better society. Priority is being given to the engagement of labour from the villages around Tirunelveli rural area. The Company is also contributing to the health care activities taken up by the local authorities in Tirunelveli by providing suitable drinking water facilities to the local residents.

As a part of Company's social responsibility towards 'Green Coverage of Mother Nature' the Company uses recycled paper and its components to an extent of 100%.

FOREIGN EXCHANGE INFLOW & OUTGO

During the period ended 31st March 2014, the Company's foreign exchange earnings were ₹ 4956.36 lakhs (₹ 2608.65 lakhs for the year ended 31st March 2013). The revenue expenditure in foreign currency was ₹ 6882.19 lakhs (₹ 2902.77 lakhs for the year ended 31st March 2013) and the capital expenditure was ₹ 19.81 lakhs (Nil for the financial year ended 31st March 2013).

CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from a practicing company secretary of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, forms part of the Annual Report.

PERSONNEL

No employee was in receipt of remuneration in excess of limit set out for disclosure in Directors Report under Section 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The statement showing the particulars of conservation of energy and technology absorption pursuant to section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the annexure forming part of this report.

CAUTIONARY STATEMENT

The statement in this Directors' Report & Management Discussion 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.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, hereby confirm that:

- a) in the preparation of annual accounts for the financial period ended 31st March 2014, the applicable accounting standards issued by ICAI have been followed;
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 period and of the profit of the company for the period under review;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- d) they had prepared the annual accounts for the financial period ended 31st March 2014, on a going concern basis.

AUDITORS

The Auditors M/s. S. Krishnamoorthy & Co., Chartered Accountants, Coimbatore retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Audit Committee and the Board recommend the re-appointment of M/s. S. Krishnamoorthy & Co., Chartered Accountants, as Statutory Auditors and the Company has received a certificate from the Statutory Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013. Members are requested to appoint the Auditors for a period of 3 years commencing from the conclusion of the ensuing 9th Annual General Meeting up to the conclusion of the 12th Annual General Meeting of the Company which ought to be held during the year 2017 subject to the ratification by the Shareholders annually.

COST AUDITOR

Pursuant to the provisions of the Section 233B of the Companies Act, 1956, the Board of Directors of your company on the recommendation of Audit Committee had appointed M/s. Vivekanandan Unni & Associates, as the Cost Auditors for conducting Cost Audit for the financial year 2013-14.

Pursuant to Section 209(1)(d) of the Companies Act, 1956 and Rule 5 of the Companies (Cost Audit Records) Rules, 2011, the Cost Audit Report for the financial year ended 31st March, 2013 was submitted to the Central Government in the prescribed form on 02.05.2014.

ACKNOWLEDGEMENTS

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

(Sd/-)

R. RAMSWAMY
Executive Chairman

Coimbatore
9th August, 2014

SERVALAKSHMI PAPER LIMITED

Annexure to the Directors Report

Information under Section 217(1)(e) of the companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report

FORM - A

(Form for disclosure of particulars with respect to Conservation of Energy)

| | Year Ended 31.03.2014 | Year Ended 31.03.2013 |
|--|--------------------------|--------------------------|
| A. POWER AND FUEL CONSUMPTION | | |
| 1. ELECTRICITY | | |
| a. Purchased units | 223300 | 434500 |
| Total Cost (₹ in Lakhs) | 19.61 | 55.23 |
| Rate per unit (₹) | 8.78 | 12.71 |
| b. Own generation (Steam Turbine Generator) | | |
| Units | 57931044 | 51952108 |
| Variable cost (₹ in lakhs) | 3093.40 | 3258.91 |
| Rate per Unit (₹) | 5.34 | 6.27 |
| c. Own generation | | |
| Generated Units | — | — |
| Units Per Litre of diesel | — | — |
| Cost / Units (₹) | — | — |
| 2. COAL | | |
| Quantity (tonnes) | 29666 | 25497 |
| Total cost (₹ in lakhs) | 1281 | 1177 |
| Average Rate (₹) | 4,320 | 4,615 |
| D.O.B. / Saw Dust / Husk | | |
| Quantity (tonnes) | — | — |
| Total Cost (₹ in lakhs) | — | — |
| Average Rate (₹) | — | — |
| 3. STEAM | | |
| Steam (Tonnes) | 79791 | 118521 |
| Total cost (₹ in lakhs) | 837 | 1300 |
| Average Rate (₹) | 1049 | 1097 |
| 4. FURNACE OIL | | |
| | — | — |
| 5. OTHERS / INTERNAL GENERATION | | |
| | — | — |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | |
| Product name : Paper | | |
| Production in MT | 54975 | 48459 |
| Electricity (in Units / MT) | 1054 | 1072 |

RESEARCH AND DEVELOPMENT

- | | | |
|--|---|-----|
| 1. Specific areas in which Research and Development carried out by the Company | : | Nil |
| 2. Benefit derived as a result of the above Research and Development on of consumption of energy | : | Nil |
| 3. Future plan of action | : | Nil |
| 4. Expenditure on R& D | | |
| a. Capital | : | Nil |
| b. Recurring | : | Nil |
| c. Total R&D expenditure as a percentage of gross turnover/net turnover. | : | Nil |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | |
|---|---|-----|
| 1. Efforts in brief, made towards technology absorption, adaptation and innovation. | : | Nil |
| 2. Benefits arrived as a result of the above efforts, eg., product improvement, cost reduction, product development, import substitution etc., innovation | : | Nil |
| 3. Technology imported. | : | Nil |

By order of the Board
For Servalakshmi Paper Limited

(Sd/-)

R. RAMSWAMY
Executive Chairman

Coimbatore
9th August, 2014

SERVALAKSHMI PAPER LIMITED

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 2014, the company's Board comprised of 8 Directors. The Board consists of three 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 2014 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 | 3 | Yes | — |
| Mr. B. Sriramulu | Non-Executive – Non-Independent | 4 | No | 5 |
| Mr. D. Muthusamy | Non-Executive – Independent | 4 | Yes | — |
| Mr. S. Srinivasaragavan | Non-Executive – Independent | 2 | No | 1 |
| Mr. V.S. Pattabiraman | Non-Executive – Independent | 2 | Yes | — |
| Mr. Y Rambabu ^ Executive Director (appointed on 01.11.2013) | Non-Independent - Executive Director - | — | No | — |
| Mr. D.V.A. Manoharan (Expired on 25.04.2014) | Non-Executive – Independent | 4 | No | — |

^ Resigned on 09.08.2014.

* Excludes Directorships in Private Companies and foreign Companies.

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 2014 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 | 16.05.2013 | 5 |
| 2 | 06.08.2013 | 6 |
| 3 | 30.10.2013 | 6 |
| 4 | 05.02.2014 | 6 |

3. AUDIT COMMITTEE

The Audit 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 292A of the Companies Act, 1956. 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.

a. Composition, Name of Members and Chairman:

| Name of the Member | Category |
|--|---------------------------------|
| Mr.S. Srinivasaragavan (Chairman) | Non-Executive – Independent |
| Mr.B. Sriramulu | Non-Executive – Non-Independent |
| Mr. V.S. Pattabiraman | Non-Executive – Independent |
| Mr. D. Muthusamy | Non-Executive – Independent |
| Mr. D.V.A. Manoharan * (Appointed 05.02.2014) | Non-Executive – Independent |

* Expired on 25.04.2014

b. Meetings held during the financial period ended 31st March 2014 and members present:

| SI.No | Date of Meeting | No. of Directors Attended |
|-------|-----------------|---------------------------|
| 1 | 16.05.2013 | 3 |
| 2 | 06.08.2013 | 3 |
| 3 | 30.10.2013 | 3 |
| 4 | 05.02.2014 | 4 |

The Company Secretary acts as the Secretary to the Committee. 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 2014, before it was placed in the Board.

SERVALAKSHMI PAPER LIMITED

The Board of Directors of the Company at their meeting held on 28th May 2014, have revised the terms of reference of the Audit Committee in conformity with the provisions of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

4. REMUNERATION COMMITTEE

The Committee is entrusted to determine and recommend to the Board the remuneration including commission, perquisites and benefits payable to the Whole-Time Directors based on overall performance and financial results of the Company during the relevant financial year and in consonance with the existing industrial practice.

This Committee would basically look into and determine the Company's policy on remuneration packages to the executive directors. During the year under review, the committee had met two times on 30th October 2013 and 05th February 2014.

a. Composition, Name of Members and Chairman:

| Name of the Member | Status |
|--|------------------------------------|
| Mr. D. Muthusamy (Chairman) | Non-Executive- Independent |
| Mr.B. Sriramulu | Non-Executive- Non-Independent |
| Mr.Y.Shivaram Prasad (upto 05.02.2014) | Non – Executive – Non- Independent |
| Mr.S. Srinivasaragavan (upto 05.02.2014) | Non – Executive – Independent |
| Mr. D.V.A. Manoharan* (Expired on 25.04.2014) | Non-Executive- Independent |

* Appointed as Remuneration Committee Member on 05.02.2014.

The Executive Directors are paid remuneration as approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the general meeting and such other authorities as the case may be.

Details of remuneration paid to the directors for the year ended 31st March 2014 as follows:

| Name | Designation | Total Remuneration (in ₹) | Period of Appointment |
|----------------------|--------------------|-------------------------------|--|
| Mr.R.Ramswamy | Executive Chairman | ₹ 12,02,340/- | 3 years with effect from 01.01.2014 |
| Mr.Y.Shivaram Prasad | Managing Director | ₹ 12,02,340/- | 3 years with effect from 01.01.2014 |
| Mr. Y Rambabu | Executive Director | ₹ 5,70,008/- | 5 years with effect from 01.11.2013 |

b. Non-Executive Directors:

The details of sitting fees paid to the non-executive directors is provided below:

| Name of the Director | Sitting fees paid during the financial year ended 31st March 2014 (₹) |
|--|--|
| Mr.Y.Shivaram Prasad (Upto 31.12.2013) | 10000 |
| Mr.B.Sriramulu | 40000 |
| Mr.D.Muthusamy | 40000 |
| Mr.S.Srinivasaragavan | 20000 |
| Mr.V.S. Pattabiraman | 20000 |
| Mr. D.V.A. Manoharan | 25000 |

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.

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

d. 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.

The Board of Directors of the Company at their meeting held on 28th May 2014, have renamed its Remuneration Committee as "Nomination and Remuneration Committee" and have also revised the terms of reference of the said Committee in conformity with the applicable provisions of Section 178 of the Companies Act, 2013 read with the amended Clause 49 of the Listing Agreement.

5. SHAREHOLDERS / INVESTORS RELATIONS COMMITTEE

The Shareholders / Investors Relations Committee was constituted by the Board of Directors with effect from 31.03.2010, 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 composition of Shareholders / Investors Relations committee is as follows:

| Name of the Member | Category | Designation |
|------------------------------------|---------------------------------|-------------|
| Mr. S. Srinivasaragavan (Chairman) | Non-Executive – Independent | Chairman |
| Mr. B. Sriramulu | Non-Executive – Non-Independent | Member |
| Mr. D. Muthusamy | Non-Executive – Independent | Member |

SERVALAKSHMI PAPER LIMITED

The Committee met Four times during the year on 02.04.2013, 06.08.2013, 30.10.2013, 05.02.2014 respectively.

The total number of complaints received and replied to the satisfaction of shareholders during the financial year ended 31st March 2014 was 3. There were no outstanding complaints as on 31st March 2014.

Mrs.Praveena Dhanagopal, Company Secretary of the Company is the Compliance Officer for complying with the requirements of SEBI regulations and the Listing Agreement executed with Stock Exchanges.

The Board of Directors of the Company at their meeting held on 28th May 2014, have renamed its Shareholders'/Investors' Grievance Committee as "Stakeholders Relationship Committee" and have also revised the terms of reference of the said Committee in conformity with the applicable provisions of Section 178 of the Companies Act, 2013 and amended Clause 49 of the Listing Agreement.

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.

7. GENERAL BODY MEETINGS

A. 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 |
|--|-----------------|-----------------|--|---|
| Extra Ordinary General Meeting | 23.04.2011 | 11.30 am | Regd Office: 31 (Old No. 10-Z) Bharathi Park, VII Cross, Saibaba Colony, Coimbatore - 641011 | 1. Increase in the limit of Investment by FIIs 2. Increase in the limit of investment by NRIs and PIOs |
| Annual General Meeting (15 months period ended 30.06.2011) | 02.09.2011 | 9.15 am | Chamber Hall, 8/732, Avanashi Road Coimbatore - 641 018 | Nil |
| 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 crorestowardsworking 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 |

No Special resolutions were put through postal ballot last year.

As required under Clause 35B of the Listing Agreement, the Company has proposed to provide e-voting / postal ballot (in lieu of e-voting) in respect of all shareholder resolutions to be passed at the ensuing Annual General Meeting.

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) Notes on Whistle Blower Policy

The Company does not have any Whistle Blower policy. However 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 corporate governance recommended under Clause 49 of the Listing Agreement and constituted a remuneration committee comprising of three non executive directors. The Company has not adopted the 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 financial year under review.

The Company's Executive 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 and in the websites: www.bseindia.com and www.nseindia.com.

There were no specific presentations made to Institutional Investors or to analysts during the financial year ended 31st March 2014.

SERVALAKSHMI PAPER LIMITED

11. GENERAL SHAREHOLDER INFORMATION

| | |
|--------------------------------|--|
| Date of AGM | Friday, 26th September 2014 |
| Time | 09.30 am |
| Venue | Kodaganallur Village, Vaduganpatti Post, I.C. Pettai, Tirunelveli – 627010. |
| (ii) Financial Calender | |
| Year Ending | 31st March 2015 |
| AGM in | September 2015 |
| First Quarter Results | 1st week of August 2014 |
| Second Quarter Results | 1st week of November 2014 |
| Third Quarter Results | 1st week of February 2015 |
| Annual Results | 4th week of May 2015 |
| Dividend Payment Date | Not Applicable |
| Date of Book Closure | From 15.09.2014 to 26.09.2014 (Both days inclusive) |

| | |
|--|---|
| Listing on Stock Exchange | National Stock Exchange of India Limited BSE Limited |
| Stock Code | |
| National Stock Exchange (NSE) | SERVALL |
| Bombay Stock Exchange (BSE) | 533401 |
| International Security Identification Number | INE431L01016 |
| Listing and Custodial Fee | Annual Listing Fees for the year 2014-15 were paid to National Stock Exchange of India Limited and BSE Limited. Custodial Fees to Depositories for the year 2014-15 were paid to National Securities Depository Limited and Central Depository Services (India) Limited. |

Stock Market Data:

| Month | Bombay Stock Exchange | | National Stock Exchange | |
|------------|-----------------------|------|-------------------------|------|
| | High | Low | High | Low |
| April 2013 | 3.30 | 2.48 | 3.15 | 2.50 |
| May 2013 | 3.55 | 2.41 | 3.60 | 2.50 |
| June 2013 | 3.99 | 3.12 | 3.70 | 3.20 |

| Month | Bombay Stock Exchange | | National Stock Exchange | |
|----------------|-----------------------|------|-------------------------|------|
| | High | Low | High | Low |
| July 2013 | 4.20 | 3.49 | 3.90 | 3.20 |
| August 2013 | 4.25 | 3.85 | 3.90 | 3.65 |
| September 2013 | 4.43 | 3.11 | 3.50 | 2.55 |
| October 2013 | 3.09 | 2.21 | 2.70 | 2.15 |
| November 2013 | 3.02 | 2.45 | 3.25 | 2.70 |
| December 2013 | 3.33 | 2.46 | 3.00 | 2.30 |
| January 2014 | 3.25 | 2.54 | 2.60 | 2.30 |
| February 2014 | 3.36 | 2.70 | 2.95 | 2.25 |
| March 2014 | 3.39 | 2.60 | 2.95 | 2.50 |

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

Head Office

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

Branch

M/s Link Intime India Private Limited, Surya, 35, Mayflower Avenue, Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028, Ph:0422 – 2314792 / 2315792, E mail: coimbatore@linkintime.com

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 dematerialised 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 Ltd and approved by the investor relation 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 Shareholders / Investors Relation committee generally meets when necessary for approving share transfers and other related activities.

SERVALAKSHMI PAPER LIMITED

Shareholding Pattern as on 31.03.2014

| Shares held by | No. of holders | No. of Shares | % of shareholding |
|--------------------------|----------------|-----------------|-------------------|
| Promoters and Associates | 6 | 22430800 | 52.02 |
| Corporate Bodies | 182 | 6419830 | 14.89 |
| Individuals | 6600 | 13993894 | 32.46 |
| Clearing Member | 59 | 188127 | 0.44 |
| Non Residents | 37 | 81005 | 0.19 |
| Total | 6884 | 43113656 | 100.00 |

Distribution of Shareholding as on 31.03.2014:

| Shareholding range | No. of holders | No. of Shares | % of shareholding |
|--------------------|----------------|-----------------|-------------------|
| 1 - 500 | 4798 | 957464 | 2.22 |
| 501 - 1000 | 914 | 782287 | 1.81 |
| 1001 - 2000 | 523 | 844763 | 1.96 |
| 2001 - 3000 | 170 | 451287 | 1.05 |
| 3001 - 4000 | 106 | 388168 | 0.90 |
| 4001 - 5000 | 83 | 395601 | 0.92 |
| 5001 - 10000 | 138 | 1002762 | 2.33 |
| 10001 and above | 152 | 38291324 | 88.81 |
| Total | 6884 | 43113656 | 100.00 |

Dematerialisation of shares and liquidity as on 31st March 2014:

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 | 4126 | 36014991 | 83.53 |
| Central Depository Services Limited | 2756 | 6590717 | 15.29 |
| Physical Form | 2 | 507948 | 1.18 |
| Total | 6884 | 43113656 | 100.00 |

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:

| Address for Communication: | |
|--|---|
| 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 Behind Senthil Nagar, Sowripalayam Coimbatore 641 028, Tamilnadu Ph: 0422 - 2314 792 / 2316 755 E-Mail: coimbatore@linkintime.com Contact Person: Mrs. S. Dhanalakshmi |
| Contact address for Shareholder: | Mrs. Praveena Dhanagopal Company Secretary 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 2014.

Place : Coimbatore
Date : 9th August 2014

(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 2014, 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
9th August 2014

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

CEO & CFO CERTIFICATE

The Board of Directors, Servalakshmi Paper Limited, Coimbatore

Annual Confirmation pursuant to Clause 49(V) of the Listing Agreement

As required by Clause 49(V) of the Listing Agreement with Stock Exchanges, we hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended 31st March 2014 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
- d) We have indicated to the auditors and the Audit Committee that there is
 - i) no significant changes in internal control over financial reporting during the year;
 - ii) no significant changes in accounting policies during the year; and
 - iii) no instances of significant fraud have come to our notice in respect of persons having a significant role in the company's internal control system.

G.V. Ramana
Chief Financial Officer (CFO)
Coimbatore
09.08.2014

Y. Shivaram Prasad
Managing Director (CEO)

Independent Auditor's Report

To
The Members of 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 March 31, 2014, and the Statement of Profit and Loss and 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

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, **but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control**. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2014;
- b) in the case of Statement of Profit and Loss , the Loss for the year ended on that date; and

SERVALAKSHMI PAPER LIMITED

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e) On the basis of written representations received from the directors as on March31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March31,2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act,1956.

Coimbatore
28.05.2014

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

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 periodic intervals. Verification of Fixed Assets, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verification.
- c) There is no disposal of substantial part of fixed assets during the year.
- ii. a) Physical verification of inventory has been conducted at reasonable intervals by the management. In respect of inventory lying with the third parties, these have been confirmed by them. In our opinion the frequency of verification is reasonable.
- b) The procedure of physical verification of the inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to book records.
- iii. a) The company has not granted any loans to companies, firms or other parties covered in the Register maintained under sec.301 of the Companies Act.
- b) The Company has not taken any loan from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 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, 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. a) To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanation given to us , the transactions made in pursuance of such contract or arrangement have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The company has not accepted any deposit from the public during the year.
- vii. The company has an adequate Internal Audit system commensurate with the size and nature of its business.
- viii. 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.209 (1) (d) 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 and complete.
- ix. a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees state insurance,

SERVALAKSHMI PAPER LIMITED

Income-tax, Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues. According to the Information and explanations given to us, there are no undisputed arrears of statutory dues outstanding as at 31st March 2014 for a period of more than six months from the date they become payable

- b) According to the records of the company, there are no statutory dues which are not been deposited on account of any dispute.
- x. The accumulated losses of the Company at the end of the financial year 31st March 2014 has exceeded 50% of its net worth. The company has incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion & according to the information & explanation given to us the company has not defaulted in repayment of its dues to the bank.& financial Institutions.
- xii. During the year, the company has not granted any loans and advances on the basis of security or by way of pledge of shares, debentures or other securities.
- xiii. The provisions of Special Statues applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.
- xiv. The company is not dealing or trading in shares, securities, debentures or other investments.
- xv. The company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. The term loans obtained by the company have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Source and Application of the funds of the company, we report that funds raised on short-term basis have not been used for long-term investments by the company.
- xviii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. In our opinion and according to the information and explanations given to us the company has not issued any secured debentures during the period covered by our report.
- xx. The company has not raised any funds through public issue during the year.
- xxi. To the best of knowledge and belief and according to the information and explanations given to us no frauds on or by the company has been noticed or reported during the year.

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

Coimbatore
28.05.2014

Balance Sheet

as at 31st March, 2014

(₹ in lakhs)

| | Note No. | As at 31 March 2014 | As at 31 March 2013 |
|--|-------------|------------------------|------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 2 | 4,311.37 | 4,311.37 |
| (b) Reserves and surplus | 3 | (11,297.61) | (8,471.14) |
| (2) Share application money pending allotment | | | |
| (3) Non-current liabilities | | | |
| (a) Long-term borrowings | 4 | 30,699.35 | 29,498.45 |
| (b) Long-term provisions | 5 | 13.87 | 10.12 |
| (4) Current liabilities | | | |
| (a) Short-term borrowings | 6 | 3,747.00 | 3,860.47 |
| (b) Trade payables | 7 | 5,714.96 | 3,858.18 |
| (c) Other current liabilities | 8 | 2,169.45 | 481.19 |
| TOTAL | | 35,358.39 | 33,548.64 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 9 | | |
| (i) Tangible assets | | 23,297.55 | 24,402.96 |
| (ii) Intangible assets | | — | — |
| (iii) Capital work-in-progress | | 543.41 | 422.69 |
| (b) Long-term loans and advances | 10 | 239.52 | 233.30 |
| (c) Other non-current assets | 11 | 466.21 | 466.21 |
| (2) Current assets | | | |
| (a) Inventories | 12 | 4,764.09 | 3,702.59 |
| (b) Trade receivables | 13 | 1,855.32 | 1,421.86 |
| (c) Cash and cash equivalents | 14 | 421.91 | 273.37 |
| (d) Short-term loans and advances | 15 | 2,294.03 | 1,612.59 |
| (e) Other current assets | 16 | 1,476.35 | 1,013.07 |
| TOTAL | | 35,358.39 | 33,548.64 |

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) G.V. RAMANA

Chief Financial Officer

(Sd) Y. SHIVARAM PRASAD

Managing Director

(Sd) PRAVEENA DHANAGOPAL

Company Secretary

Coimbatore

28.05.2014

SERVALAKSHMI PAPER LIMITED

Statement of Profit and Loss for the year ended 31st March 2014

(₹ in lakhs)

Note No. 31 March 2014 31 March 2013

| | | | |
|---|----|-------------------|------------|
| I. Revenue from operations | | | |
| (a) Sale of products | 17 | 20,519.91 | 16,196.18 |
| (b) Sale of Power | | 1,869.02 | 1,914.71 |
| Less: Excise Duty | | 164.91 | 100.45 |
| | | 22,224.02 | 18,010.44 |
| II. Other income | 18 | 743.41 | 538.10 |
| III. Total Revenue (I + II) | | 22,967.43 | 18,548.54 |
| IV. Expenses: | | | |
| Cost of materials consumed | 19 | 13,563.12 | 10,159.99 |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade | 20 | (265.67) | (16.98) |
| Employee benefits expense | 21 | 701.00 | 599.12 |
| Finance costs | 22 | 3,529.15 | 4,353.96 |
| Depreciation and amortization expense | 9 | 1,364.10 | 1,351.35 |
| Other expenses | 23 | 7,122.27 | 6,573.09 |
| Total expenses | | 26,013.97 | 23,020.53 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | (3,046.54) | (4,471.99) |
| VI. Exceptional items | | 220.07 | — |
| VII. Profit before extraordinary items and tax (V - VI) | | (2,826.47) | (4,471.99) |
| VIII. Extraordinary Items | | — | 105.76 |
| IX. Profit before tax (VII- VIII) | | (2,826.47) | (4,577.75) |
| X. Tax expense: | | | |
| (1) Current tax | | — | — |
| (2) Deferred tax | | — | — |
| XI. Profit (Loss) for the period (VII-VIII) | | (2,826.47) | (4,577.75) |
| XII. Earnings per equity share: | | | |
| (1) Basic | | (6.56) | (10.62) |
| (2) Diluted | | (6.56) | (10.62) |

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) G.V. RAMANA
Chief Financial Officer

(Sd) Y. SHIVARAM PRASAD
Managing Director

(Sd) PRAVEENA DHANAGOPAL
Company Secretary

Coimbatore
28.05.2014

Cash Flow Statement for the year ended 31st March 2014

(₹ in lakhs)

| Particulars | 31 March 2014 | 31 March 2013 |
|--|-------------------|-------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) before Tax and Extra Ordinary Items | (2,826.47) | (4,577.75) |
| Adjustments for : | | |
| Depreciation | 1,364.10 | 1,351.35 |
| Interest Received | (28.73) | (18.08) |
| Interest Paid | 3,529.15 | 4,353.96 |
| Loss on Sale of Assets | 0.75 | — |
| Operating Profit before Working Capital Changes: | 2,038.80 | 1,109.48 |
| Adjustments for : | | |
| Trade and Other Receivables | (433.46) | (124.84) |
| Inventories | (1,061.50) | 299.18 |
| Loans and Advances | (1,150.94) | (474.93) |
| Current Liabilities etc | 3,548.79 | 281.32 |
| Cash Generated from Operations before Extraordinary Items | 2,941.69 | 1,090.21 |
| Prior year income | — | — |
| Income Tax at Earlier Year | — | — |
| NET CASH FROM OPERATING ACTIVITIES Total A | 2,941.69 | 1,090.21 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (386.64) | (102.25) |
| Sale of Fixed Assets | 6.47 | — |
| Interest Received | 28.73 | 18.08 |
| Expenses Capitalised | — | — |
| NET CASH USED IN INVESTING ACTIVITIES Total B | (351.44) | (84.17) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Share Capital and Share Premium | — | — |
| Share application money received | — | — |
| IPO expenses | — | — |
| Proceeds from Bank Borrowing | 1,087.44 | 3,368.96 |
| Interest Paid | (3,529.15) | (4,353.96) |
| NET CASH USED IN FINANCING ACTIVITIES Total C | (2,441.71) | (985.00) |
| NET INCREASE IN CASH OR CASH EQUIVALENTS | 148.54 | 21.04 |
| Cash and Cash Equivalents [Opening Balance] | 273.37 | 252.33 |
| Cash and Cash Equivalents [Closing Balance] | 421.91 | 273.37 |

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) G.V. RAMANA

Chief Financial Officer

(Sd) Y. SHIVARAM PRASAD

Managing Director

(Sd) PRAVEENA DHANAGOPAL

Company Secretary

Coimbatore

28.05.2014

SERVALAKSHMI PAPER LIMITED

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 in all material respects with the Notified accounting standard issued by Companies (Accounting Standards) Rules, 2006, as amended, and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

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 for 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 is provided using the straight-line method based on useful economic life as estimated by the management or at the rates prescribed under schedule XIV of the Companies Act, 1956.

Individual assets costing ₹ 5,000 or less are depreciated in full in the year of purchase.

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

1.5 Inventory valuation

- 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.

Notes to the Financial Statements

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

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.

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.

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

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

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 2014 | 31st March 2013 |
|--|-----------------|-----------------|
| 5,00,00,000 Equity shares of ₹ 10/- each (Pre. Year: 50000000 Equity Shares of ₹ 10 each) | 5,000.00 | 5,000.00 |
| Total | 5,000.00 | 5,000.00 |

b) Issued Subscribed and paid up

| Particulars | 31st March 2014 | 31st March 2013 |
|---|-----------------|-----------------|
| 43113656 Equity Shares of ₹ 10/- each fully paid up (Pre. Year: 43113656 Equity Shares of ₹ 10 each) | 4,311.37 | 4,311.37 |
| Total | 4,311.37 | 4,311.37 |

c) Reconciliation

| Particulars | 31st March 2014 | | 31st March 2013 | |
|---|-----------------|----------|-----------------|----------|
| | 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 |

Notes to the Financial Statements

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

d) Details of Shareholder holding more than 5%

| Particulars | 31st March 2014 | | 31st March 2013 | |
|---|--------------------|--------------|--------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Servalakshmi Paper and Boards Pvt. Ltd. | — | — | 8237246 | 19.11 |
| Danalakshmi Paper Mills Pvt. Ltd. | 13583302 | 31.51 | 5346056 | 12.40 |
| 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) | | | | |
|--|--------------------------------|---------|---------|---------|----------|
| | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
| Equity Shares : | | | | | |
| Fully paid up pursuant to contract(s) without payment being received in cash | — | — | — | — | — |
| Fully paid up by way of bonus shares | — | — | — | — | 10694000 |
| Shares bought back | — | — | — | — | — |

3 Reserves and Surplus

| Particulars | 31st March 2014 | 31st March 2013 |
|--|--------------------|------------------|
| a) Securities Premium | | |
| Opening Balance | 7,290.63 | 7,290.63 |
| Add: | | |
| Receipts during the year on allotment | — | — |
| | 7,290.63 | 7,290.63 |
| b) Surplus | | |
| Opening balance | (15,761.77) | (11,184.02) |
| (+) Net Profit/(Net Loss) For the current year | (2,826.47) | (4577.75) |
| (+) Transfer from Reserves | — | — |
| (-) Proposed Dividends | — | — |
| (-) Interim Dividends | — | — |
| (-) Transfer to Reserves | — | — |
| Closing Balance | (18,588.24) | (15761.77) |
| Total | (11,297.61) | (8471.14) |

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

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

4. Long Term Borrowings

| Particulars | 31st March 2014 | 31st March 2013 |
|--|-----------------|-----------------|
| A) Secured Loans | | |
| 1. Term Loans | | |
| a) From Banks | | |
| 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 | 15585.25 | 14963.90 |
| State Bank of India | 6842.67 | 6581.02 |
| Bank of India | 8172.24 | 7886.03 |
| (All the above loans are personally guaranteed by Executive Chairman and Managing Director) | | |
| | 30600.16 | 29430.95 |
| 2. Long term maturities of finance lease obligations | | |
| Hire purchase Loan | | |
| (Secured by Hypothecation of Specific Vehicles) | 16.24 | — |
| Less: Unmatured Financial Charges | 1.70 | — |
| | 14.54 | — |
| B) Unsecured Loans | | |
| i) Trade Deposits ** | 84.65 | 67.50 |
| | 84.65 | 67.50 |
| Total | 30699.35 | 29498.45 |

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

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

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 - Not applicable since under CDR package.

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

Notes to the Financial Statements

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

5 Long Term Provision

| Particulars | 31st March 2014 | 31st March 2013 |
|---|-----------------|-----------------|
| Provision for employee benefits - Gratuity (unfunded) | 13.87 | 10.12 |
| Total | 13.87 | 10.12 |

6 Short Term Borrowings

| Particulars | 31st March 2014 | 31st March 2013 |
|---|-----------------|-----------------|
| Secured From Banks | | |
| i) Cash Credit from Nationalised Bank | 3421.84 | 3523.74 |
| ii) Buyers Credit | — | 273.68 |
| iii) Bills discounted | 325.16 | 63.05 |
| (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 Executive Chairman and Managing Director). Period and amount of continuous default - Nil | | |
| Total | 3747.00 | 3860.47 |

7 Trade Payables

| Particulars | 31st March 2014 | 31st March 2013 |
|---|-----------------|-----------------|
| Dues to Micro, Small and Medium Enterprises | — | — |
| Dues to others | 5714.96 | 3858.18 |
| Total | 5714.96 | 3858.18 |

8 Other Current Liabilities

| Particulars | 31st March 2014 | 31st March 2013 |
|---|-----------------|-----------------|
| (a) Current maturities of long-term debt | 1632.38 | — |
| (b) Current maturities of finance lease obligations | 3.83 | 1.03 |
| (c) Interest accrued but not due on borrowings | — | 0.18 |
| (d) Advance from customers | 183.78 | 102.33 |
| (e) Employee benefits payable | 66.34 | 49.60 |
| (f) Statutory dues including Provident fund and TDS | 29.11 | 45.36 |
| (h) Provision for expenses | 254.01 | 282.69 |
| Total | 2169.45 | 481.19 |

Notes to the Financial Statements
9 Fixed Assets

(₹ In Lakhs)

| Sl. No | Particulars | Gross Block | | | | | Depreciation / Amortisation | | | Net Block | |
|----------|---------------------------------|------------------------------|---------------|--|-------------------|--------------|-------------------------------|-------------------------------|-----------------|-------------------------------|-------------------------------|
| | | Balance as at 1st April 2013 | Additions | Acquired through business combinations | Other Adjustments | Disposals | Balance as at 31st March 2014 | Balance as at 31st April 2013 | On disposals | Balance as at 31st March 2014 | Balance as at 31st March 2013 |
| a | Tangible Assets | | | | | | | | | | |
| | Own Assets | | | | | | | | | | |
| | Land | 238.94 | 0.00 | — | — | — | 238.94 | — | — | — | 238.94 |
| | Buildings | 5155.03 | 9.35 | — | — | — | 5164.38 | 426.73 | 150.16 | 576.89 | 4728.30 |
| | Plant and Equipment* | 22394.56 | 216.37 | — | — | — | 22610.93 | 3057.56 | 1191.01 | 4248.57 | 19337.00 |
| | Electrical Fittings | 35.23 | 3.63 | — | — | — | 38.86 | 15.77 | 4.90 | 20.67 | 19.46 |
| | Furniture and Fixtures | 19.05 | 3.12 | — | — | — | 22.17 | 4.59 | 1.42 | 6.01 | 14.46 |
| | Office equipment | 24.61 | 6.04 | — | — | — | 30.66 | 9.98 | 4.21 | 14.19 | 14.63 |
| | Computers | 47.65 | 6.60 | — | — | — | 54.25 | 25.93 | 8.12 | 34.05 | 21.73 |
| | Vehicles | 39.87 | 0.00 | — | — | 12.07 | 27.80 | 11.43 | 3.72 | 10.31 | 28.44 |
| | Assets taken on Financial Lease | | | | | | | | | | |
| | Plant and Equipment | — | 12.47 | — | — | — | 12.47 | — | 0.50 | — | 11.98 |
| | Vehicle | — | 8.34 | — | — | — | 8.34 | — | 0.06 | — | 8.28 |
| | Total | 27954.95 | 265.92 | — | — | 12.07 | 28,208.80 | 3,551.99 | 1,364.10 | 4.84 | 23,297.55 |
| b | Intangible Assets | | | | | | | | | | |
| | Total | — | — | — | — | — | — | — | — | — | — |
| c | Capital Work in Progress | 422.69 | 120.72 | — | — | — | 543.41 | — | — | — | 543.41 |
| | Total | 422.69 | 120.72 | — | — | — | 543.41 | — | — | — | 422.69 |
| | Grand Total | 28,377.64 | 386.64 | — | — | 12.07 | 28,752.21 | 3,551.99 | 1,364.10 | 4.84 | 23,840.96 |
| | Previous year | 28,275.39 | 204.25 | - | (102.00) | - | 28,377.64 | 2,200.64 | 1,351.35 | - | 24,825.65 |

* Plant and equipment include cost ₹ 335.94 lakhs (Previous Year ₹ 335.94 lakhs) Written Down Value ₹ 284.43lakhs (Previous Year ₹ 301.60lakhs) in respect of capital expenditure incurred by the company, the ownership of which does not vest in the company.

Notes to the Financial Statements

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

10 Long Term Loans & Advances

| Particulars | 31st March 2014 | 31st March 2013 |
|-----------------------------|-----------------|-----------------|
| a. Capital Advances | | |
| Unsecured, considered good | 209.85 | 210.85 |
| b. Security Deposits | | |
| Unsecured, considered good | 29.67 | 22.45 |
| Total | 239.52 | 233.30 |

The above loans and advances include ₹166.85 Lakhs advances paid to Servall Engineering Works Private Limited, in which Director is a member towards purchase of fixed asset (Previous year ₹ 166.85 lakhs)

11 Other Non Current Assets

| Particulars | 31st March 2014 | 31st March 2013 |
|-----------------------------|-----------------|-----------------|
| Unamortized expenses | | |
| a) IPO Expenses | 439.46 | 439.46 |
| b) Preliminary Expenses | 26.75 | 26.75 |
| Total | 466.21 | 466.21 |

12 Inventories

| Particulars | 31st March 2014 | 31st March 2013 |
|--|-----------------|-----------------|
| (a) Raw-Materials at cost | 3238.99 | 2424.79 |
| (b) Work-in-progress at estimated cost | 1089.52 | 941.05 |
| (c) Finished Goods at net realisable value | 187.24 | 70.05 |
| (d) Stores and spares at cost | 248.34 | 266.70 |
| Total | 4764.09 | 3702.59 |

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

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

13 Trade Receivables

| Particulars | 31st March 2014 | 31st March 2013 |
|--|-----------------|-----------------|
| (Unsecured, considered good) | | |
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | 77.75 | 6.49 |
| Other debts | 1777.57 | 1415.37 |
| Total | 1855.32 | 1421.86 |

14 Cash & Cash Equivalents

| Particulars | 31st March 2014 | 31st March 2013 |
|---|-----------------|-----------------|
| a. Cash on hand | 4.17 | 1.86 |
| b. Cheques, drafts on hand | — | — |
| c. Balances with banks | | |
| in Current accounts | 139.96 | 22.20 |
| Demand Deposits (less than 3 months maturity)* | 44.29 | — |
| d. Others bank balances | | |
| Long term deposits with maturity of more than 3 months but less than 12 months* | 51.67 | — |
| Deposits with maturity of more than 12 months * | 181.82 | 249.31 |
| * Margin Money deposits | | |
| Total | 421.91 | 273.37 |

15 Short-Term Loans & Advances

| Particulars | 31st March 2014 | 31st March 2013 |
|--|-----------------|-----------------|
| Balances with central excise, customs and sales tax (Unsecured, considered good) | 1641.07 | 1366.99 |
| Others (Unsecured, considered good) | | |
| Advance for purchases | 557.29 | 174.15 |
| Other Advances | 71.37 | 61.45 |
| Prepaid Expenses | 24.30 | 10.00 |
| Total | 2294.03 | 1612.59 |

Notes to the Financial Statements

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

16 Other Current Assets

| Particulars | 31st March 2014 | 31st March 2013 |
|-----------------------------|-----------------|-----------------|
| Income Receivable | 190.62 | 47.21 |
| Incentives Receivable | 1226.73 | 768.42 |
| Insurance claim - Fire loss | — | 159.86 |
| TDS Receivable | 7.88 | 7.68 |
| Others | 51.12 | 29.90 |
| Total | 1476.35 | 1013.07 |

17 Revenue from operations

| Particulars | 31st March 2014 | 31st March 2013 |
|---------------------|-----------------|-----------------|
| Sale of products | 20556.58 | 16294.57 |
| Less: | | |
| Rebate and Discount | 36.67 | 98.39 |
| Total | 20519.91 | 16196.18 |

18 Other income

| Particulars | 31st March 2014 | 31st March 2013 |
|--------------------------------|-----------------|-----------------|
| (a) Interest Income | 28.73 | 18.08 |
| (b) Other non-operating income | | |
| i) Exchange rate fluctuations | — | — |
| ii) Exports benefits | 221.69 | 101.59 |
| iii) Govt incentives | 458.32 | 417.34 |
| iv) Agri Income* | 3.10 | 1.04 |
| v) Others | 31.57 | 0.05 |
| Total | 743.41 | 538.10 |

* 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 2014 | 31st March 2013 |
|--------------------------------------|-----------------|-----------------|
| Opening stock of Raw materials | 1997.04 | 2358.85 |
| Purchases and Handling Charges | 14294.63 | 9798.18 |
| Less: Closing stock of Raw materials | (2728.55) | (1997.04) |
| Total | 13563.12 | 10159.99 |

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

| Particulars | 31st March 2014 | 31st March 2013 |
|---------------------------------------|-----------------|-----------------|
| Opening stock of finished goods | 70.05 | 204.90 |
| Opening stock of work in progress | 941.05 | 789.22 |
| Less: Closing stock of finished goods | (187.24) | (70.05) |
| Closing stock of work in progress | (1089.53) | (941.05) |
| Total | (265.67) | (16.98) |

21 Employee benefits expense

| Particulars | 31st March 2014 | 31st March 2013 |
|---------------------------------|-----------------|-----------------|
| (a) Salaries and incentives | 613.62 | 530.09 |
| (b) Contributions to - | | |
| (i) Provident fund | 26.04 | 15.85 |
| (ii) Superannuation scheme | — | — |
| (c) Gratuity fund contributions | 4.05 | 6.08 |
| (d) Staff welfare expenses | 57.29 | 47.10 |
| Total | 701.00 | 599.12 |

Notes to the Financial Statements

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

22 Finance costs

| Particulars | 31st March 2014 | 31st March 2013 |
|--|-----------------|-----------------|
| (a) Interest Expenses | 3515.37 | 4285.22 |
| (b) Other Borrowing Cost | 13.78 | 59.61 |
| (c) Applicable net gain/loss on foreign currency transaction and translation | — | 9.13 |
| Total | 3529.15 | 4353.96 |

23 Other expenses

| Particulars | 31st March 2014 | 31st March 2013 |
|---|-----------------|-----------------|
| Consumption of Stores and spares | 524.83 | 437.03 |
| Consumption of Packing Materials | 372.14 | 347.38 |
| Power and Fuel | 5051.74 | 4786.95 |
| Rent | 2.07 | 2.29 |
| Repairs & Maintenance | 137.77 | 92.16 |
| Insurance | 29.06 | 22.36 |
| Rates and taxes, excluding taxes on income | 30.15 | 62.46 |
| Bank Charges | 126.77 | 83.27 |
| Postage, Telegram & Telephone | 19.59 | 16.00 |
| Travelling expenses | 56.14 | 29.78 |
| Professional & Consultancy Charges | 76.74 | 28.69 |
| Directors Sitting fees | 1.55 | 2.10 |
| Increase / (decrease) of Excise duty on Inventory | 4.58 | 0.11 |
| Net gain/loss on foreign currency transaction and translation | 85.74 | 52.67 |
| Miscellaneous expenses | 236.73 | 214.72 |
| 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 | 5.10 | 0.50 |
| Commission on sales | 138.19 | 121.10 |
| Packing and Forwarding Expenses | 218.38 | 268.52 |
| Total | 7122.27 | 6573.09 |

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 | 2013-14 (₹ Lakhs) | 2012-13 (₹ Lakhs) |
|---|----------------------|----------------------|
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 365.74 | 365.74 |
| b) Export obligations on account of duty free import of capital goods | 1426.24 | 6382.60 |

24a Contingent Liability

| Particulars | 2013-14 (₹ Lakhs) | 2012-13 (₹ Lakhs) |
|--|----------------------|----------------------|
| Bills discounted | 325.15 | 63.04 |
| Claims against the company not acknowledged as debts: i) Customs Duty related matters | 125.09 | — |

24b Bank-wise Break up of Recompense payable under CDR Scheme

| Name of the Bank | 2013-14 (₹ Lakhs) |
|----------------------|----------------------|
| Indian Overseas Bank | 4923.48 |
| State Bank of India | 2340.67 |
| Bank of India | 3676.10 |
| Total | 10940.25 |

25 Raw Materials Consumed

| Particulars | 2013-14 (₹ Lakhs) | 2012-13 (₹ Lakhs) |
|---------------|----------------------|----------------------|
| Raw materials | 13563.12 | 10159.98 |
| Coal | 4993.92 | 4595.29 |
| Total | 18557.04 | 14755.27 |

26 Consumption of Raw Materials, Coal, Stores & Spares, chemicals

| Particulars | 2013-14 | | 2012-13 | |
|--------------|---------------------------|--------------------|---------------------------|--------------------|
| | % of Total Consumption | Value (₹ Lakhs) | % of Total Consumption | Value (₹ Lakhs) |
| Imported | 55 | 10693.08 | 45 | 6943.00 |
| Indigenous | 45 | 8755.84 | 55 | 8596.68 |
| Total | 100 | 19448.92 | 100 | 15539.68 |

Notes to the Financial Statements

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

27 Finished Goods

| Particulars | 2013-14 (₹ Lakhs) | 2012-13 (₹ Lakhs) |
|----------------------|----------------------|----------------------|
| a) Opening Stock | | |
| News print | 13.04 | 178.02 |
| Printing and Writing | 57.01 | 26.88 |
| b) Closing Stock | | |
| News print | 48.31 | 13.04 |
| Printing and Writing | 130.84 | 57.01 |

28 Turnover details

| Particulars | 2013-14 (₹ lakhs) | 2012-13 (₹ lakhs) |
|-------------------------|----------------------|----------------------|
| Various grades of paper | 20391.67 | 16194.12 |

29 Value of Imports (Calculated on CIF basis)

| Particulars | 2013-14 | 2012-13 |
|----------------------------|---------|---------|
| Raw Materials | 7954.46 | 2241.55 |
| Coal | 3237.81 | 3664.46 |
| Components and Spare parts | 240.19 | 247.14 |

30 Expenditure in Foreign Currencies (on accrual basis)

| Particulars | 2013-14 | 2012-13 |
|---------------------------|---------|---------|
| Travelling | 0.70 | 0.75 |
| Interest on Buyers Credit | 3.05 | 5.03 |

31 Earnings in foreign currency (on accrual basis)

| Particulars | 2013-14 | 2012-13 |
|--------------------|---------|---------|
| Export – FOB Value | 4956.36 | 2382.99 |

32 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]

| | 2013-14 | 2012-13 |
|--|---------|---------|
| Discount Rate | 9.10% | 8.30% |
| 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 | 10.12 | 4.55 |
| Interest Cost | 0.62 | 0.28 |
| Current service cost | 4.08 | 3.63 |
| Past service cost - (non vested benefits) | — | — |
| Past service cost - (vested benefits) | — | — |
| Benefits paid | (0.30) | (0.46) |
| Actuarial loss/(gain) on obligation (balancing figure) | (0.65) | 2.12 |
| PVO as at the end of the period | 13.87 | 10.12 |

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 | 0.30 | 0.46 |
| Benefits paid | (0.30) | (0.46) |
| 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 | 0.65 | 2.12 |
| Actuarial gain / (loss) for the period- Plan Assets | — | — |
| Total (gain) / loss for the period | (0.65) | (2.12) |
| Actuarial (gain) / loss recognized in the period | (0.65) | (2.12) |
| 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 | 13.87 | 10.12 |
| Fair value of plan assets | — | — |
| Difference | 13.87 | 10.12 |
| Unrecognised transitional liability | — | — |
| Unrecognised past service cost - non vested benefits | — | — |
| Liability recognized in the balance sheet | 13.87 | 10.12 |

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

| | | |
|---|--------|------|
| Current service cost | 4.08 | 3.63 |
| Interest Cost | 0.62 | 0.28 |
| Expected return on plan assets | — | — |
| Net actuarial (gain)/loss recognised in the year | (0.65) | 2.12 |
| 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 | 4.05 | 6.03 |

VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET

| | | |
|-----------------------|--------|--------|
| Opening net liability | 10.12 | 4.55 |
| Expense as above | 4.05 | 6.03 |
| Contribution paid | (0.30) | (0.46) |
| Closing net liability | 13.87 | 10.12 |

IX. AMOUNT FOR THE CURRENT PERIOD

| | | |
|---|---------|--------|
| Present Value of obligation | 13.87 | 10.12 |
| Plan Assets | — | — |
| Surplus (Deficit) | (13.87) | 10.12 |
| Experience adjustments on plan liabilities -(loss)/gain | (0.72) | (1.81) |
| Experience adjustments on plan assets -(loss)/gain | — | — |

33. Borrowing costs

Amount of borrowing costs capitalized during the year is ₹ Nil. (Previous year ₹ Nil)

34. 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 ₹ 458.32 Lakhs (Previous year ₹ 417.34 Lakhs) as income under the scheme which is to be sanctioned.

SERVALAKSHMI PAPER LIMITED

Notes to the Financial Statements

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

35. Segmental Reporting

a) Primary Segments

(₹ In lakhs)

| Particulars | Year ended 31st March 2014 | Year ended 31st March 2013 | Year ended 31st March 2014 | Year ended 31st March 2013 | Year ended 31st March 2014 | Year ended 31st March 2013 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Paper | | Power | | Total | |
| 1 Segment Revenue | | | | | | |
| a) External Customers | 20355.00 | 16095.73 | 1869.02 | 1914.71 | 22224.02 | 18010.44 |
| b) Internal Segment | — | — | 4184.43 | 3765.83 | 4184.43 | 3765.83 |
| Sub Total | 20355.00 | 16095.73 | 6053.45 | 5680.54 | 26408.45 | 21776.27 |
| Less: Inter Segment revenue Net Sales / Income from operations | — | — | 4184.43 | 3765.83 | 4184.43 | 3765.83 |
| Add: Other Income attributable to Segments | 743.41 | 538.10 | — | — | 743.41 | 538.10 |
| Total Segment Revenue | 21098.41 | 16633.83 | 1869.02 | 1914.71 | 22967.43 | 18548.54 |
| 2 Segment Results | | | | | | |
| (Profit (+) / Loss (-) Before tax and Interest) | 194.66 | (566.20) | 508.02 | 342.41 | 702.68 | (223.79) |
| Less: | | | | | | |
| i) Interest | — | — | — | — | 3529.15 | 4353.96 |
| ii) Other unallocable expenditure net of unallocable income | — | — | — | — | — | — |
| iii) Prior period / extra ordinary items | — | — | — | — | — | — |
| Profit Before Tax | 194.66 | (566.20) | 508.02 | 342.41 | (2826.47) | (4577.75) |
| Provision for Taxation | — | — | — | — | — | — |
| Profit After Tax | 194.66 | (566.20) | 508.02 | 342.41 | (2826.47) | (4577.75) |
| 3 Other Information | | | | | | |
| Segment Assets | 27140.93 | 27492.07 | 7751.26 | 8970.49 | 34892.19 | 36462.56 |
| Unallocated Corporate Assets | — | — | — | — | — | — |
| Total Assets | 27140.93 | 27492.07 | 7751.26 | 8970.49 | 34892.19 | 36462.56 |
| Segment Liabilities | 7685.13 | 3924.45 | 199.29 | 152.24 | 7884.41 | 4076.69 |
| Unallocated Corporate Liabilities | — | — | — | — | — | — |
| Total Liabilities | 7685.13 | 3924.45 | 199.29 | 152.24 | 7884.41 | 4076.69 |

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 2014 | 31st March 2013 | 31st March 2014 | 31st March 2013 | 31st March 2014 | 31st March 2013 |
| | Paper | | Power | | Total | |
| Capital Expenditure (excludes unallocated capital expenditure ₹NIL lakhs (previous year ₹ NIL lakhs) | 374.33 | 102.25 | 12.33 | 0.00 | 386.66 | 102.25 |
| Depreciation (excludes unallocated capital expenditure ₹NIL lakhs. (previous year ₹NIL lakhs) | 943.89 | 931.84 | 420.21 | 419.51 | 1364.10 | 1351.35 |

b. Geographical Segment

(₹ in lakhs)

| Particulars | India | | Rest of the world | | Total | |
|---------------------------------|------------|------------|-------------------|------------|------------|------------|
| | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 |
| Revenue from external customers | 16596.11 | 15476.38 | 5627.90 | 2534.06 | 22224.02 | 18010.44 |

37. 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 | 31.03.2014 | | | 31.03.2013 | | |
|---------------------------|--------------------------|---------------------------------------|-----------------------|--------------------------|---------------------------------------|-----------------------|
| | Key Managerial Personnel | Relatives of Key Managerial personnel | Other Related parties | Key Managerial Personnel | Relatives of Key Managerial personnel | Other Related parties |
| Equity | — | — | — | — | — | — |
| Purchases | — | — | 184.45 | — | — | 32.92 |
| Sales | — | — | — | — | — | — |
| Rendering of services | — | — | — | — | — | — |
| Receiving of services | — | — | 67.37 | — | — | 10.91 |
| Remuneration | 29.74 | — | — | — | — | — |
| Advance paid for Purchase | — | — | 226.53 | — | — | — |
| Amount payable | — | — | 12.45 | — | — | 86.10 |

36a 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 2014 | 31st March 2013 |
| 1. Purchases | | |
| Other Related Parties | | |
| Servall Engineering works (P) Ltd | 184.45 | 16.80 |
| Danalakshmi Paper Mills (P) Ltd | — | 10.50 |
| Vijayalakshmi Paper Mills | — | 5.62 |
| 2. Receiving of Services | | |
| Other Related Parties | | |
| Servall Engineering works (P) Ltd | 57.67 | 2.45 |
| Danalakshmi Paper Mills (P) Ltd | — | 8.46 |
| Sri Lakshmi Engineering Works | 9.70 | — |
| 3. Advance paid for Purchase | | |
| 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 2014 | 31st March 2013 |
| 4. Remuneration | | |
| Key Managerial Personnel | | |
| Sri. R. Ramswamy | 12.02 | — |
| Sri. Y. Shivaram Prasad | 12.02 | — |
| Sri. Y. Rambabu | 5.70 | — |

37. Earnings Per Share

| Particulars | 2013-14 | 2012-13 |
|--|-----------|-----------|
| Net loss as per the profit and loss account (₹ Lakhs) | (2826.47) | (4577.75) |
| Weighted average number of equity shares outstanding as at the end of the year | 43113656 | 43113656 |
| Basic and diluted earnings per share (in ₹) | (6.56) | (10.62) |

38. 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.

39. 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

40. 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) | |
|--------------------|------------------------------|---------------|------------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Debtors receivable | 683025.36 USD | — | 410.50 | — |
| Loan payable | — | 377929.50 USD | — | 205.55 |
| Loan payable | — | 97960 Euro | — | 68.12 |
| Creditors payable | 1835934.08 USD | 875644.8 USD | 1,103.40 | 476.26 |

41. Interest has been reworked as per CDR package from the cut off date ie. 01/01/2013. The interest charged for the period Jan'13 to Mar'13 during earlier year (2012-13) has been adjusted by crediting the profit and loss statement under exceptional item.

42. 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) G.V. RAMANA
Chief Financial Officer

(Sd) Y. SHIVARAM PRASAD
Managing Director

(Sd) PRAVEENA DHANAGOPAL
Company Secretary

Coimbatore
28.05.2014

FORM NO. MGT -11

Proxy Form

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

SERVALAKSHMI PAPER LIMITED

CIN: L21012TN2005PLC092783

Registered Office: Kodaganallur Village, Vaduganpatti Post,

I.C.Pettai, Tirunelveli – 627010 Phone: 0462 - 2568500

Email: secretarial@servalakshmi.in Website: www.servalakshmi.in

9th Annual General Meeting (26th September, 2014)

| | |
|--------------------------|---------|
| Name of the Member (s) : | |
| Registered address : | |
| Email ID : | |
| Folio No. / Client Id : | DP ID : |

I/We, being the member (s) of shares of the above named company, hereby appoint:

| | |
|-------------|----------------|
| 1 Name : | |
| Address : | |
| E-mail ID : | |
| Signature : | or failing him |

| | |
|-------------|----------------|
| 2 Name : | |
| Address : | |
| E-mail ID : | |
| Signature : | or failing him |

| | |
|-------------|--|
| 3 Name : | |
| Address : | |
| E-mail ID : | |
| Signature : | |

as my / our proxy to attend and vote (on poll) for me / us and on my / our behalf at the 9th Annual General Meeting of the company to be held on **Friday the 26th day of September, 2014 at 9.30 A.M. at Kodaganallur Village,**

SERVALAKSHMI PAPER LIMITED

Vaduganpatti Post, I.C. Pettai, Tirunelveli – 627010 and at any adjournment thereof in respect of such resolutions as are indicated below:

| S. No. | Resolutions | Optional* | |
|--------------------------|--|--------------------------|--------------------------|
| | | For | Against |
| Ordinary Business | | | |
| 1 | Adoption of Annual Financial Statements as on 31st March 2014 | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Appointment of Statutory auditors and fixing their remuneration | <input type="checkbox"/> | <input type="checkbox"/> |
| Special Business | | | |
| 3 | Appointment of Mr. V.S. Pattabiraman as an Independent Director | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Appointment of Mr. D. Muthusamy as an Independent Director | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Appointment of Mr. S. Srinivasaragavan as an Independent Director | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Amendment of Articles of Association | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 | Authorisation to borrow upto a limit of Rs. 700 Crores pursuant to Section 180(1)(c) of the Companies Act, 2013 | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 | Authorisation to create charge on the assets of the Company pursuant to Section 180(1)(a) of the Companies Act, 2013 | <input type="checkbox"/> | <input type="checkbox"/> |
| 9 | Re-designation of Mr. R. Ramswamy as an Executive Chairman | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 | Appointment of Mr. Y. Shivaram Prasad as a Managing Director | <input type="checkbox"/> | <input type="checkbox"/> |
| 11 | Approval for related party transactions pursuant to Section 188 of the Companies Act, 2013 | <input type="checkbox"/> | <input type="checkbox"/> |

Signed this day of, 2014.

Signature of Shareholder

Signature of Proxy holder(s)

Affix 1 Re
Revenue
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statements and Notes please refer to the Notice of the 9th Annual General Meeting.
3. * It is optional to put '✓' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member(s) in the above box before submission.

SERVALAKSHMI PAPER LIMITED

CIN: L21012TN2005PLC092783

Registered Office: Kodaganallur Village, Vaduganpatti Post,

I.C.Pettai, Tirunelveli – 627010 Phone: 0462 - 2568500

Email: secretarial@servalakshmi.in Website: www.servalakshmi.in**Attendance Slip****9th Annual General Meeting****(Friday, 26th September, 2014)**

| | |
|-----------|---------------|
| DP ID | Folio No. |
| Client ID | No. of Shares |

Name of Member

Name of Proxy

I hereby record my presence at the 9th Annual General Meeting of the Company held on Friday, 26th September, 2014 at 9.30 A.M. at Kodaganallur Village, Vaduganpatti Post, I.C.Pettai, Tirunelveli - 627010.

Member's / Proxy's Signature

If undelivered please return to

SERVALAKSHMI PAPER LIMITED

CIN: L21012TN2005PLC092783

Corporate Office: 31 (Old No. 10-Z) Bharathi Park 7th Cross,
Saibaba Colony, Coimbatore - 641 011 Tamil Nadu. Phone: 0422 - 4333344

Email: secretarial@servalakshmi.in Website: www.servalakshmi.in