

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2016, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Servalakshmi Paper Limited has always believed in and followed best business practices, and has been compliant with all the laws, exercised fairness and integrity in all its dealings, thereby reiterated its commitment to enhancement of stakeholders' value. The Company has a defined set of guidelines for its internal governance based on business ethics, legal compliance and professional conduct. The Company has been following transparency in its accounting practices and procedures, in framing and adhering to policies and guidelines, in insisting on responsibility and accountability and by regular audit of its policies and procedures;

2. BOARD OF DIRECTORS

a. Composition of the Board :

The Board of Directors of the Company consists of 4 Directors. The Board consists of two Executive Directors and 2 Non –Executive Directors, out of whom 2 are independent.

The Board met 4 times during the Financial Year on 22nd May 2015, 10th August 2015, 14th November 2015 and 10th February 2016. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the years is as under:-

Name of the Director	Category	Attendance Particulars		No of other directorship held in Public Companies *	No of Committee positions held in all companies \$	
		Board Meeting	Last AGM		Chairman	Member
Mr. R. Ramswamy (DIN: 00010572)	Non-independent Executive Director - Promoter	4	Yes	—	—	—
Mr. Y. Shivaram Prasad (DIN: 00010734)	Non-Independent - Executive Director - Promoter	4	Yes	—	—	2
Mr. D. Muthusamy (DIN: 00010588)	Non-Executive – Independent	4	Yes	—	1	1
Mr.V.S.Pattabiraman (DIN: 00784247)	Non-Executive – Independent	4	Yes	—	1	—
Mrs Nithya Nirupama [^] (Appointed on 08.11.2015)	Non-Executive-Independent	1	No	—	—	—
Mr.B.Sriramulu (DIN:00002560) (Upto 01.07.2015)	Non-Independent Executive Director	1	No	3	—	2

Name of the Director	Category	Attendance Particulars		No of other directorship held in Public Companies *	No of Committee positions held in all companies \$	
		Board Meeting	Last AGM		Chairman	Member
Mr.S.Srinivasaragavan (DIN:00233784) (Upto 07.10.2015)	Non-Executive – Independent	1	Yes	1	2	—

Excludes Directorships in Private Companies and Foreign Companies

\$ Only Audit Committee and Stakeholders Relationship Committee are considered.

Mr. Y.Shivaram Prasad is the son –in-law of Mr.R.Ramswamy. None of the other Directors are related to each other.

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 committees nor are they the Chairman / Chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Number of Equity shares held by Non –Executive Directors as on 31st March 2016 – Nil

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

b. Independent Directors

Familiarization Program for Independent Directors:

At every Board Meeting the Senior Management representative of the Company present to the Directors, operational and financial aspects of the Company. The Directors are also apprised about the new products and technology related aspects.

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

Performance Evaluation of Non-Executive and Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25(3) of the SEBI(LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit and Nomination and Remuneration Committees. A peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance.

c. Separate Meeting of the Independent Directors:

The Independent Directors held a Meeting on 10th February, 2016, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues /matters discussed in detail:

- I) Review of the performance of Non-Independent Directors and the Board as a whole;
- II) Review of the performance of the Managing Director of the Company, taking into account the views of the Non-Executive Directors;

SERVALAKSHMI PAPER LIMITED

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

3. COMMITTEES OF THE BOARD

The Board at present has 3 Committees:

1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee.

The Board constitutes the committees and defines their Terms of Reference. The members of the committees are co-opted by the Board.

4. AUDIT COMMITTEE

All the members of the Audit Committee are independent and have knowledge of finance, accounts and engineering industry. The quorum for Audit Committee meeting is minimum of two Independent Directors.

The role, powers and functions of the Audit Committee are as per section 177 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with part C of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Besides having access to all the required information 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 the 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.

During the year under review, the Committee met four times on 22nd May 2015, 10th August 2015, 14th November 2015 and 10th February 2016. The Composition of the Audit Committee and the attendance of each member of the Committee is given below.

Name of the Member	Category	No of meetings	No of Meetings attended
Mr.S. Srinivasaragavan (Chairman)	Non-Executive – Independent	4	4
Mr. V.S. Pattabiraman (Member)	Non-Executive – Independent	4	4
Mr. D. Muthusamy (Member)	Non-Executive – Independent	4	2
Mr.B.Sriramulu(Member) (Upto 01.07.2015)	Non-Executive – Non-Independent	4	1
Mr.S.Srinivasaragavan (Chairman) (Upto 07.10.2015)	Independent – Non Executive	4	1

The Managing Director, Statutory Auditors of the Company have also attended the committee meetings. 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 year 2015-16, before it was placed in the Board.

5. NOMINATION AND REMUNERATION COMMITTEE

The role, powers and functions of the Nomination and Remuneration Committee are as per Section 178 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Terms of Reference of this Committee are as required by SEBI - under Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee comprises of the following Directors as its Members.

Name of the Member	Category	No of Meetings held during the year	No of Meetings attended
Mr. D.Muthusamy (Chairman)	Independent – Non-Executive	1	1
Mr. V.S.Pattabiraman (Member)	Independent – Non-Executive	1	1
Mr.Y.Shivaram Prasad (Member)	Non Independent -Executive	1	1
Mr.B.Sriramulu (Member) (Upto 01.07.2015)	Non Independent -Executive	1	—
Mr.S.Srinivasaragavan (Chairman) (Upto 07.10.2015)	Independent – Non-Executive	1	—

This Committee would basically look into and determine the Company's policy on remuneration packages to the Executive Directors and Senior Management. During the year under review, the committee had met one time on 10th February 2016.

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

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

6. DETAILS OF REMUNERATION

Managing Director

Details of remuneration paid to the Managing Director for the year ended 31st March 2016 -Nil

The Managing Director is not entitled to sitting fees for attending meetings of the Board and Committees.

The Company does not pay remuneration to any of its Non-Executive Directors except sitting fees for attending the Board/Committee Meeting(s).

SERVALAKSHMI PAPER LIMITED

The details of sitting fees paid during the year ended 31st March 2016 to the Non-Executive Directors are as under:

Name of the Director	Sitting fees paid during the financial year ended 31st March 2016
Mr. D.Muthusamy	40,000
Mr. V.S.Pattabiraman	40,000
Mr.S.Srinivasaragavan	10,000
Mr.B.Sriramulu	10,000
Mrs.Nithya Nirupma	5,000

The Company currently does not have any stock option scheme.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Committee comprises of the following Directors as its Members:

Name of the Member	Category	No of Meetings held	No of Meetings attended
Mr. D.Muthusamy	Independent – Non-Executive	4	4
Mr.B.Sriramulu (Upto 01.07.2015)	Non Independent – Non –Executive	4	1
Mr.S.Srinivasaragavan (Upto 07.10.2015)	Independent – Non-Executive	4	1
Mr.Y.Shivaram Prasad	Independent – Non-Executive	4	2

Mr.Y.Shivaram Prasad, Managing Director of the Company is the Compliance Officer.

The Committee deals in matters relating to transfer and transmission of shares, issue of duplicate share certificates, review of dematerialized shares, redressing of investors complaints such as non-receipt of shares, non-receipt of dividends etc. and other matters related to shares.

The Share Transfers/Transmissions approved by the Committee are placed at the Board Meetings from time to time.

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March 2016 was nil. There were no outstanding complaints as on 31st March 2016.

Pursuant to clause 47(c) of the Listing Agreement/ Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to the Stock Exchanges within stipulated time.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report forms part of this Annual Report.

9. GENERAL BODY MEETINGS

Location and time for last three AGMs held and the special resolutions, if any, passed thereat, are as given below:

Year	Date of meeting	Time of meeting	Venue of meeting	Special Resolution
2012-13	25.09.2013	9.30 am	Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli-627001	Nil
2013-14	26.09.2014	9.30 am	Kodaganallur Village, Vaduganpatti Post, I.C.Pettai, Tirunelveli - 627010	1) Appointment of Mr.V.S.Pattabiraman, Mr. D. Muthusamy and Mr. S. Srinivasaragavan as Independent Directors 2) Alteration of Articles of Association 3) Borrowing powers u/s 180(1)(c); 4) Mortgage of assets u/s 180(1)(a) 5) Mr. R. Ramswamy re-designated as Executive Chairman of the Company 6) Mr. Y. Shivaram Prasad appointed as Managing Director of the Company 7) Enter into contracts and/ or agreements with related parties
2014-15	25.09.2015	9.15 am	Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli-627001	Nil

10. EGM AND POSTAL BALLOT:

During the year no EGM was held. No resolutions were put through postal ballot last year. No Special resolution requiring postal ballot is being proposed.

11. MEANS OF COMMUNICATION

The quarterly results and annual results are published in newspapers viz. Business Standars(English) and Makkal Kural(Tamil))and simultaneously posted on the Company's website (www.servalakshmi.in).

SERVALAKSHMI PAPER LIMITED

There were no specific presentations made to the institutional investors or to the analysts during the financial year 31st March 2016.

12. GENERAL SHAREHOLDER INFORMATION

(i) Date of AGM	30th September 2016
Time	10.00 A.M
Venue	Hotel RR INN, Old Madurai Road, Tirunelveli Junction, Tirunelveli - 627001.
(ii) Financial Calender	
Year Ending	31st March 2017
AGM in	September 2017
First Quarter Results	1st week of August 2016
Second Quarter Results	1st week of November 2016
Third Quarter Results	1st week of February 2017
Annual Results	4th week of May 2017
Dividend Payment Date	Not Applicable
Date of Book Closure	From 24.09.2016 to 30.09.2016 (Both days inclusive)
Listing on Stock Exchanges	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai -400001 NSE Limited Exchange Plaza, 5th Floor, Plot no 'G' Block Bandra – Kurla Complex, Bandra (East) , Mumbai- 400051

Stock Code	
BSE Limited (BSE)	5334014
National Stock Exchange of India Limited (NSE)	SERVALL
International Security Identification Number	INE431L01016
Listing Fee	Annual Listing Fees for the year 2016-17 were not paid to National Stock Exchange of India Limited and BSE Limited

Stock Market Price Data for the year 2015 - 2016:

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

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April 2015	3.98	1.81	3.90	1.80
May 2015	4.83	3.28	4.65	3.25
June 2015	4.48	3.07	4.25	2.70
July 2015	4.04	2.58	4.00	2.60
August 2015	3.99	2.85	3.90	2.50
September 2015	3.61	2.60	3.40	2.70
October 2015	4.28	2.76	4.40	3.00
November 2015	4.3	3.4	4.45	3.10
December 2015	4.1	3.37	4.30	3.30
January 2016	4.15	3.24	4.25	3.25
February 2016	3.62	2.97	3.65	3.15
March 2016	3.86	3.39	3.50	3.15

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

Head Office

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

Branch

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

Details of Compliance Officer

Mr.Y.Shivaram Prasad
 Managing Director
 Servalakshmi Paper Limited,
 31(Old No.10- Z), Bharathi Park, 7th Cross, Saibaba Colony, Coimbatore-641011
 Phone:0422-4333344 email: secretarial@servalakshmi.in.

In order to facilitate investor servicing, the Company has designated an email: secretarial@servalakshmi.in commonly for registering complaints from investors.

SERVALAKSHMI PAPER LIMITED

Reconciliation of Share Capital Audit

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

Share Transfer System

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

Shareholding Pattern as on 31.03.2016

Shares held by	No. of holders	No. of Shares	% of shareholding
Promoters and Associates	5	22424000	52.01
Corporate Bodies	131	7522640	17.45
Individuals	5963	12557653	29.12
Clearing Member	47	485711	1.13
Non Residents	39	123642	0.29
Total	6185	43113656	100.00

Distribution of Shareholding as on 31.03.2016:

Shareholding range	No. of holders	No. of Shares	% of shareholding
1 - 500	4305	849726	1.98
501 - 1000	799	690127	1.60
1001 - 2000	481	776131	1.80
2001 - 3000	164	433131	1.00
3001 - 4000	97	358112	0.84
4001 - 5000	80	381149	0.88
5001 - 10000	123	907451	2.10
10001 and above	136	38717829	89.80
Total	6185	43113656	100

Dematerialisation of shares and liquidity as on 31st March 2016:

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 dematerialized form.

Particulars	No. of Holders	No. of Shares	% of shareholding
National Securities Depository Limited	3662	34602667	80.26
Central Depository Services Limited	2521	8003041	18.56
Physical Form	2	507948	1.18
Total	6185	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, IIInd Floor, Behind Senthil Nagar, Sowripalayam Road Coimbatore 641 028, Tamilnadu Ph: 0422 - 2314 792 / 2315792 E-Mail: coimbatore@linkintime.co.in Contact Person: Mrs. S. Dhanalakshmi
Contact address for Shareholder:	Mr. Y. Shivaram Prasad, Managing Director 31 (Old No. 10-Z) Bharathi Park, VII Cross, Saibaba Colony, Coimbatore - 641011, Tamilnadu
Phone Fax Email Website Address	0422 - 4333344 0422 - 4333355 secretarial@servalakshmi.in www.servalakshmi.in

SERVALAKSHMI PAPER LIMITED**Disclosures**

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. The materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large have been disclosed in Form No AOC- 2 which forms a part of the Director's Report.

The details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

No Penalties, strictures was imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

- c) Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company conducts regular 'Employee Meets' every quarter where all the employees have a chance to interact directly with the Managing Director of the company. Besides this the Managing Director is reachable via e-mail and landline. Any issue brought to the attention of the management, whether resolved or not is placed before the Audit Committee for its perusal and comments.

- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has not adopted any non-mandatory requirements.

- e) Web link where policy for determining "material" subsidiaries is disclosed.

The Company has not framed any Material Subsidiaries policy.

- f) Web link where policy on dealing with related party transactions.

The Company has framed Related Party Transaction Policy and the same is placed on the Company's website and the weblink for the same is <http://www.servalakshmi.in/Facilities.html>

- g) Disclosure of commodity price risks and commodity hedging activities.

During the financial year ended, the Company did not engage in commodity hedging activities

- h) Disclosure on accounting treatment.

In the preparation of the financial statements, the Company has followed the accounting standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

i) Disclosure on risk management

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except Regulation 17(1) (a) & Regulation 19(1)(b).

Certificate from CEO and CFO

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 30th May 2016 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Code of conduct

The Board of Director laid down a code of conduct for all Board members and senior management of the Company. All Board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review.

Code for prevention of Insider Trading

The Company has framed a code of conduct for monitoring the trading done by Insiders based on SEBI(Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all director/ officers/ designated employees.

The Company has also formulated "The code of Practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSII)" in compliance with SEBI(Prohibition of Insider Trading) Regulations, 2015.

Declaration for code of conduct

I hereby affirm and state that all Board Members and Senior Management personnel of the Company have given a declaration in accordance with Regulations 26(3) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015/ clause 49(II) (D) of the Listing Agreement and I hereby affirm compliance with the said code of conduct for the financial year 2015-16.

Coimbatore
9th August 2016

(Sd/-)
R. RAMSWAMY
Executive Chairman