



Seshasayee Paper and Boards Limited

Fiftieth Annual Report – 2009-10

50 years of fine-paper making



Sri S VISWANATHAN

Founder

SESHASAYEE PAPER AND BOARDS LIMITED

DIRECTORS

Sri N GOPALARATNAM, *Chairman and Managing Director*

Sri ARUN G BIJUR

Sri BIMAL KUMAR PODDAR

Sri DEBENDRANATH SARANGI, I A S

Sri R V GUPTA, I A S (Retd.)

Dr S NARAYAN, I A S (Retd.)

Mrs SHEELA RANI CHUNKATH, I A S, *Nominee of TIIC*

Sri V SRIDAR

Sri K S KASI VISWANATHAN, *Deputy Managing Director*

Sri V PICHAI, *Director (Finance) & Secretary*

AUDITORS

Messrs SURI & CO., Chennai

Messrs S VISWANATHAN, Chennai

COST AUDITOR

Messrs S MAHADEVAN & CO., Coimbatore

INTERNAL AUDITOR

Messrs MAHARAJ N R SURESH & CO., Chennai

BANKS

SYNDICATE BANK

CANARA BANK

CENTRAL BANK OF INDIA

UCO BANK

STATE BANK OF INDIA



REGD. OFFICE & WORKS

PALLIPALAYAM, CAUVERY RS PO

ERODE - 638 007, TAMIL NADU

CONTENTS

	Page
CHAIRMAN'S MESSAGE	3
NOTICE	5
DIRECTORS' REPORT	10
AUDITORS' REPORT	40
BALANCE SHEET	43
PROFIT AND LOSS ACCOUNT	44
SCHEDULES	46
CASH FLOW STATEMENT	71



Chairman's Message.....

Dear Shareholder,

This is a milestone year for SPB. Incorporated on June 22, 1960, SPB has completed 50 Golden years of 'fine-paper' making. The Company has grown in size and scale of operations over the years and has come to be rated high as a 'most trust-worthy' organisation.

When I and my colleagues in the Board, look back at our journey during the last five decades, we are overwhelmed by the enduring encouragement and support extended by all our stakeholders - customers, employees as well as the Government authorities - who have all helped us to sustain and grow. To them, we owe a deep debt of gratitude.

We take this opportunity to pay homage to the Founder Sri S Viswanathan whose vision and tireless pursuits had laid strong foundation for this company to overcome many a challenge in the past, providing confidence to face the future with hope and determination.

We believe that we are well prepared to meet the challenges of the huge transformation taking place around us in the global scenario. We will, in this arduous task, be guided by our vision to excel as a trusted, socially responsible and customer-driven organisation providing maximum value to all the stake holders. We will forever be driven by our core values of ethical practices, commitment to society and professional management. We will travel into the future with the quest to do more and to do better.

As we continue to march ahead, set new goals and benchmarks, I and my Team take this opportunity to assure you that SPB will carry forth the rich tradition of nurturing good relationships across the entire range of stakeholders who have made the Company robust, resilient and reliable and strive hard to be worthy of your Trust, as in the past.

With Warm Regards

Yours sincerely



N GOPALARATNAM

NOTICE

 Notice is hereby given that the Fiftieth Annual General Meeting of the Members of the Company will be held at the Community Centre, SPB Colony, Erode 638 010, on Saturday, the July 24, 2010, at 11.00 AM, to transact the following business :

ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as at 31st March 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2 To declare a dividend.
- 3 To appoint Directors, in the place of Sri Arun G Bijur, Sri K S Kasi Viswanathan and Sri V Pichai who retire by rotation and being eligible, offer themselves for re-appointment.
- 4 To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. Messrs Suri & Co., Chennai and Messrs S Viswanathan, Chennai, the retiring Auditors are eligible for re-appointment.

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

(V PICHAI)
Director (Finance) & Secretary

Chennai
May 29, 2010

NOTES :

- 1 For appointment of Directors, disclosure, as required under Clause 49 of the Listing Agreement is annexed hereto.

- 2 A Member, entitled to attend and vote at the Meeting, is entitled to appoint one or more Proxies, to attend and vote on a poll, instead of himself and such Proxy need not be a Member of the Company.
- 3 Proxies, in order to be effective, must be filed with the Company not later than 48 hours before the Meeting.
- 4 The Register of Members and Share Transfer Books will be closed from Thursday, the July 15, 2010, to Saturday, the July 24, 2010 (both days inclusive).
- 5 Dividend, if declared, will be paid to the Members whose names appear on the Register of Members as on July 24, 2010 and in respect of shares held in Electronic Form, to the beneficial owners, as per list that will be furnished by National Securities Depository Limited / Central Depository Services (India) Limited, as on that date.
- 6 Members holding shares in physical form are requested to notify, promptly, any change in their address, to the Registrar and Share Transfer Agent of the Company, M/s Integrated Enterprises (India) Limited, Chennai, quoting their Membership Number, besides changes, if any, in the Dividend Mandates given by them and those holding shares in Electronic Form, may communicate the above information to their respective Depository Participants.
- 7 The amended provisions of the Companies Act, 1956, provide for Nomination facility to Members. Members are requested to write to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai, for more information, if any needed, on Nomination facility and / or to get a copy of Nomination Form.
- 8 Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends, upto the financial year ended March 31, 1995, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Second Floor,

Coimbatore Stock Exchange Building, Tiruchi Main Road, Singanallur, Coimbatore 641 005, Tamilnadu. In case any assistance is required in this regard, please write to the Registered Office of the Company.

- 9 As regards dividends pertaining to the financial year ended March 31, 1996 and thereafter, amounts remaining in the Unpaid Dividend Accounts of the Company have to be transferred to the Investor Education and Protection Fund, established by the Central Government, at the expiry of seven years from the date of transfer to the respective year's Unpaid Dividend Account. Thereafter, the Members shall have no claim against the Fund or the Company, in respect of his unpaid dividend. Such transfer has already been effected with regard to the unpaid dividend for the financial years 1995-96 to 2001-02. The unpaid dividend for the financial year 2002-03 will be transferred to the above Fund during August 2010. Members are, therefore, requested to lodge their claims for unpaid dividend, if any, immediately with the Company.
- 10 In view of the advantages of the Depository System and for easy trading of the shares, Members are requested to opt for Dematerialisation of the shares of the Company, through any of the Depository Participants of their choice.
- 11 Members holding shares in DEMAT form are requested to incorporate the DP ID Number and

Client ID Number in the Attendance Slip / Proxy Form, for easy identification of attendance at the Meeting.

- 12 For receiving Dividend through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS), Members holding shares in physical form are requested to forward the enclosed Form, duly filled in, to the Registrar and Share Transfer Agent of the Company, M/s Integrated Enterprises (India) Limited, Chennai.

Members holding shares in DEMAT form may furnish such particulars in the enclosed Form to their respective Depository Participants (DP) with whom they have their DEMAT accounts.

- 13 Furnishing of Permanent Account Number (PAN) has been made mandatory by SEBI for all securities market transactions and off market/private transactions involving transfer of shares in physical form. It is mandatory for transferee(s) to furnish copy of PAN card to the Company / RTA for registration of transfer of such shares. It has further been clarified by SEBI that it is mandatory to furnish a copy of PAN for (i) for deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders, (ii) transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares and (iii) transposition of shares, when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

Appointment of Directors :

Disclosure required under Clause 49 of the Listing Agreement in respect of Directors seeking appointment / re-appointment at the Fiftieth Annual General Meeting :

Sri ARUN G BIJUR :

Date of birth and age	:	11 04 1948 (62 years)
Date of appointment	:	March 29, 2008
Expertise in specific functional areas	:	<p>He is the Managing Director of M/s SPB Projects and Consultancy Limited (SPB-PC). He is a Graduate in Chemical Engineering from University of Madras. He has over 40 years of experience in Pulp and Paper and Sugar Industries, 11 years in Mill operations and nearly 29 years in Engineering Consultancy and managing large scale projects, involving co-ordination of all phases of engineering, procurement, construction, start-up and commissioning.</p> <p>He has distinguished himself by his extra-ordinary contribution to the promotion and growth of SPB-PC, which has emerged the most sought after consultancy organisation for Pulp and Paper Industry in India. All large paper mills have, time and again, preferred the services of SPB-PC. The success of SPB-PC reflects his strong fundamentals and professional integrity that has secured the trust of clients.</p>
Qualification	:	B. Tech. (Chem. Eng.)
Number of shares held in the Equity Capital of the Company	:	Nil
Relationship with other Directors	:	He is not related to any other Director.
Directorship in other companies	:	<p>Managing Director: SPB Projects and Counsultancy Limited</p> <p>Director: Ponni Sugars (Erode) Limited Esvi International (Engineers & Exporters) Limited</p>
Committee / executive positions held in other companies	:	<p>Ponni Sugars (Erode) Limited :</p> <p>(a) Securities Transactions-cum- Investors Grivance Committee : Member</p>

— SESHASAYEE PAPER AND BOARDS LIMITED —

Sri K S KASI VISWANATHAN

Date of birth and age	:	28 03 1951 (59 years)
Date of appointment	:	January 29, 2005
Expertise in specific functional areas	:	<p>He is a Chemical Engineer (B.Tech. from the Regional Engineering College, Tiruchi) and MMS from University of Madras. He has to his credit nearly 35 years of Industrial experience, majority of which has been with the SPB Group companies. He has gained excellent exposure in management of integrated paper mills, besides Project implementation. He is largely responsible for the efficient operations of the Mill.</p> <p>He is in charge of production operations, Project implementation and Human Resources Development. He reports to the Chairman and Managing Director.</p> <p>He is currently Chairman of the Working Group on “Make Indian Pulp and Paper Industry World Class”, constituted by CII-Sohrabji Godrej Green Business Centre.</p>
Qualification	:	B.Tech., MMS
Number of shares held in the Equity Capital of the Company	:	492
Relationship with other Directors	:	He is not related to any other Director.
Directorship in other companies	:	Nil
Committee / executive positions held in other companies	:	Nil

— SESHASAYEE PAPER AND BOARDS LIMITED —

Sri V PICHAI

Date of birth and age	:	12 09 1947 (62 years)
Date of appointment	:	January 29, 2005
Expertise in specific functional areas	:	<p>He is a Chartered Accountant and a Company Secretary. His qualifications are B. Com., ACA, ACS and CAIIB. He has to his credit nearly 40 years of experience. After a short stint of 7 years in a nationalised Bank, he joined the Company in 1980. He has completed nearly three decades of service in the Company. He has managed admirably various functional areas of the Company, viz., Accounts, Finance, Legal, Taxation, Secretarial, etc.</p> <p>He is in charge of the Finance, Accounts, Taxation, Legal and Secretarial functions of the Company. He reports to the Chairman and Managing Director.</p>
Qualification	:	B.Com., ACA, ACS, CAIIB
Number of shares held in the Equity Capital of the Company	:	8449
Relationship with other Directors	:	He is not related to any other Director.
Directorship in other companies	:	<p>Director:</p> <p>Dhanashree Investments Private Limited Time Square Investments Private Limited Ultra Investments and Leasing Company Private Limited</p>
Committee / executive positions held in other companies	:	Nil

DIRECTORS' REPORT

7 The Directors hereby present their Fiftieth Annual Report and the Audited Accounts for the year ended 31st March 2010 :

WORKING RESULTS

	2009-10 (Actuals) (tonnes)	2008-09 (Actuals) (tonnes)
Production	117989	119779
Sales	118287	119396
	(Rs lakhs)	(Rs lakhs)
Gross Sales	52897	56116
Other Income	873	992
<i>Less: Excise Duty and Excise Cess</i>	1971	3205
Sales and Other Income <i>(net of Excise Duty)</i>	51799	53903
Profit before interest, depreciation and tax	12172	7629
Interest	2840	2609
Depreciation	3361	2629
Profit before tax	5971	2391
Provision for Current Tax	--	--
Transfer to Deferred Tax	1978	858
Provision for Fringe Benefit Tax	--	30
Net Profit	3993	1503

DIVIDEND

The Directors recommend payment of Dividend at Rs 3.50 per Equity Share, plus a Golden Jubilee Special Dividend of Rs 2.50 per Equity Share, totaling Rs 6 per Equity Share of Rs 10 each, absorbing a sum of Rs 675 lakhs. As per the provisions of the Income tax Act, 1961,

no tax will be deducted at source on dividend distributed. However, the Company will bear the tax on the dividend distributed, amounting to Rs 112 lakhs.

APPROPRIATIONS

Your Directors propose the following appropriations :

	2009-10 (Rs lakhs)
Net profit for the year	3993
<i>Add :</i>	
Surplus brought forward from the previous year	1643
	5636
<i>Less :</i>	
Transfer to General Reserve	2500
Proposed dividend and tax thereon	787
	3287
Balance carried forward	2349

OPERATIONS

During the year, the Company's production was 1 17 989 tonnes, as compared to 1 19 779 tonnes produced in the previous year. The lower production was mainly on account of higher downtime in Paper Machine - 5, disruptions in the operation of the Captive Power Plants and outages, due to restrictions in drawal of power from Tamilnadu Grid.

The gross turnover was Rs 52897 lakhs for the year under review, as compared to Rs 56116 lakhs, in the previous year. The gross turnover declined steeply on account of repeated price reductions effected during the year for the Company's products, due to unfavourable market conditions and reduction in rate of excise duty to 4% effected with effect from December 2008, as part of the relief package announced by the Central Government which formed part of the gross turnover, since the price structure for the Company's products is cum duty price.

The Profit before interest, depreciation and tax was Rs 12172 lakhs, as compared to Rs 7629 lakhs, in the previous year.

Major factors that contributed to higher profitability for the year under review, as compared to actuals for the previous year, were :

Favourable Factors :

- ◇ Reduction in use of Imported Pulp, due to higher production and use of in-house Pulp.
- ◇ Reduction in prices of Imported Coal.
- ◇ Reduction in Other Expenses, mainly due to higher provision made towards exchange difference on Foreign Currency Loans, in the corresponding period of the previous year.

Un-favourable Factors :

- ◇ Decrease in Sales Realisation, due to reduction in prices of paper and increase in incentives.
- ◇ Increase in cost of Chemicals (due to increase in prices of chemicals and usage of new chemicals in ECF Bleaching of Wood Pulp and Bagasse Pulp).
- ◇ Higher provision made for depreciation, due to capitalisation of remaining MDP assets during 2008-09.
- ◇ Increase in Power and Fuel Cost, due to adverse mix and usage of power and fuel.
- ◇ Higher interest and financing charges, due to capitalisation of remaining MDP assets during 2008-09.
- ◇ Decrease in contribution, due to lower Production.
- ◇ Higher Employee Cost, mainly due to capitalisation of in-house employee cost to MDP assets, in the corresponding period of the previous year and on account of normal increments, Dearness Allowance increase in the current year.

The Company earned a profit before tax of Rs 5971 lakhs, for the year ended March 2010,

compared to Rs 2391 lakhs for the year ended March 2009.

After absorbing interest and financing charges and depreciation of Rs 2840 lakhs and Rs 3361 lakhs, respectively, the profit before tax was Rs 5971 lakhs, as compared to Rs 2391 lakhs, in the previous year.

The Company was liable to only Minimum Alternate Tax (MAT) of Rs 1004 lakhs, as against Rs 265 lakhs, in the previous year. In view of higher quantum of depreciation available, due to addition of Plant and Machinery under Mill Development Plan, the total income as per the regular method under the Income Tax Act is a loss. Hence, the entire MAT liability is carried over as MAT Credit Entitlement. Together with the opening balance of Rs 349 lakhs, the total MAT Credit Entitlement of Rs 1353 lakhs is being carried forward to be set-off in the financial year 2010-11 or thereafter.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of Rs 1978 lakhs has been transferred to Deferred Tax by debit to the Profit and Loss Account, as against transfer of Rs 858 lakhs, in the previous year.

In the result, profit after tax for the year was Rs 3993 lakhs, as compared to Rs 1503 lakhs, in the previous year.

FINANCE

The Company paid the instalments of the Term Loans and the interest dues on Term Loans and Working Capital Loans, on or before the respective due dates.

INTEREST FREE SALES TAX DEFERRAL SCHEME

During the year 2009-10, the Company availed Rs 313 lakhs under the Scheme and the cumulative amount availed upto March 31, 2010 was Rs 3657 lakhs.

MARKET CONDITIONS

The year under review, commenced with weak market conditions - both domestic and

overseas. The printing and writing segment, especially - was under severe stress, since the domestic mills were also forced to cut-back on their exports, in view of un-remunerative prices prevailing in the overseas markets.

Level of unsold stocks was high with most of the Mills. SPB was better placed with all the machines being covered with orders, though additional incentives were to be extended to Maplitho varieties to prop-up the demand.

Market conditions further worsened during the second quarter. New capacities, commissioned during this quarter, further weakened the market sentiment. To combat, SPB introduced 70 GSM Copier and also upgraded the quality of the Maplitho paper with higher brightness. Further, incentives were also offered to ensure machine coverage.

Third quarter began on a weak note and worsened further, as the quarter progressed, warranting price reduction and additional discounts for Maplitho varieties as well as Creamwove, Color Printing Grades. SPB launched its Branded Notebooks "Success" in the Southern States which was well received.

Fourth quarter brought in some stability in demand and warranting no further reduction in prices. The ongoing notebook season and the huge orders won by non-integrated upcountry mills from Government Text Book Societies provided some impetus not only for holding the price-line but also withdrawing certain discounts in specified markets. With comfortable order position, the Company managed to do "Zero Stock" of Finished Goods as of March 31, 2010 - an achievement repeated for the 13th time in 16 years.

Current financial year has begun on a healthier note. Supply position in overseas market tightened due to non-availability of market pulp. Price of Recovered Paper shot up substantially with demand picking up from overseas mills, due to these mills stepping up their usage consequent on the "Pulp shortage". Price of imported waste paper almost doubled in India and waste paper mills suffered

production-cuts. Market Pulp prices also witnessed steep climb. All these factors helped the domestic market to firm-up and effect some price increases. Year 2010-11, it is hoped, will witness better market condition than 2009-10, which incidentally was one of the worst, seen by the Paper Industry in recent times.

EXPORT PERFORMANCE

The Company exported 5935 tonnes of paper and paper boards during the year, as compared to 5741 tonnes, during 2008-09. The exports accounted for about 5% of total production.

The export proceeds amounted to US\$ 5 066 540, equivalent to Rs 2370 lakhs, as compared to Rs 2673 lakhs, during the previous year.

Besides the above, the Company also sold 1582 tonnes, under deemed exports whose proceeds amounted to Rs 694 lakhs.

The Company scaled down its exports due to un-competitive prices prevailing in international markets.

CONTRACT TREE FARMING

To augment the availability of forest raw materials and to bring down their prices, the Company continues its initiative to develop its own source of plantations, following the footsteps of many of the Paper Mills in other States who have already taken pro-active steps during the last 5-8 years, by distributing large quantities of seedlings and saplings of Eucalyptus Hybrid, Subabul, etc.

In this direction, the Company continues to enter into agreements with farmers who are evincing keen interest in tree plantations. Currently, the Company is popularising two varieties of species, viz., Eucalyptus Hybrid and Casuarina. To increase the yield per acre, the Company is encouraging farmers to go in for clonal plantations in the place of traditional saplings route. As availability of clones for the above species is limited in the market, the Company has set up its own Clonal Multiplication

Centres to produce quality clones. The clones so produced are sold to the farmers who have entered into contract tree farming agreement with the Company. Since the requirement of clones is so large and the availability from the Company's captive source is limited, the requirement is partly supplemented by procurement from private parties.

The area covered under the Scheme is being increased progressively, year after year.

Technical support for this project is provided by the Department of Tree Breeding of Forest College and Research Institute, Mettupalayam, (FC&RI) attached to Tamilnadu Agricultural University, Coimbatore, through a Collaborative Research Project.

ISO 9001 / ISO 14001 ACCREDITATION

Company's Quality Management Systems continue to be covered by the "ISO 9001" accreditation. Company's Environmental Management System, continues to enjoy "ISO 14001" accreditation.

OHSAS 18001 CERTIFICATION

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

FOREST STEWARDSHIP COUNCIL® FSC® (FSC-C084458) CERTIFICATION

The Company has secured Forest Stewardship Council (FSC) Certification, granted by Scientific Certification Systems (SCS) who is accredited by the FSC. FSC is an international certification and labeling system that guarantees that paper and wood products carrying the FSC label come from environmentally and socially responsible sources. The Certificate provided by SCS is applicable to the Company's Erode Mill site and its 10 Depots.

The Company is the only Indian Paper Company that has been certified under three Standards of FSC viz., FSC-STD-40-004 v2-0, FSC-STD-40-005 v2-1 and FSC-STD-40-003 v1-0. By this, the Company assures its stakeholders that the wood, wood fibre and pulp purchased by it are traceable to responsibly managed forests and that adequate document controls are in place to ensure identification and traceability throughout the Chain of Custody. This also means that the Company is capable of manufacturing and selling FSC Pure and FSC Mixed products in the domestic and international markets.

The Certificate is valid from May 03, 2010 to May 02, 2015.

AWARDS

Exports :

Export House Status

- ◇ The Company continues to enjoy "Two Star Export House" Status, awarded by the Government of India, Ministry of Commerce, Directorate General of Foreign Trade, in recognition of its export performance.

During the year, the Company secured the following Awards, instituted by the Government of Tamilnadu :

(i) Good Industrial Relations :

Good Industrial Relations Award for the year 2005 - First Prize.

(ii) Safety :

Safety Awards, for the year 2006, in respect of units which worked for more than 10 lakhs man hours in a year :

- ◇ For highest percentage reduction in weighted frequency rate in accidents - First Prize
- ◇ For longest accident free period in man hours - First Prize.

DEPOSITORY SYSTEM

As on March 31, 2010, 5 535 Members were holding their shares in DEMAT form and 86 31 252 Equity Shares, representing 76.72% of the total Paid up Equity Share Capital of the Company, have been dematerialised.

CURRENT YEAR (2010-11)

Production, during April 2010, was 9910 tonnes as compared to 10009 tonnes, produced during April 2009. Sales realisation (net of Excise Duty and Cess), during April 2010 amounted to Rs 2586 lakhs (6186 tonnes), as compared to Rs 3283 lakhs (7770 tonnes) during April 2009.

During April 2010, 87 tonnes of paper and boards, valued at US\$ 81 993 (equivalent to Rs 36 lakhs) were exported.

Market conditions witnessed improved sentiments during April 2010.

ENVIRONMENTAL PROTECTION

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

With the commissioning of all the equipment under the Mill Development Plan, the Mill has enhanced its environmental performance and compliance thereby complying with the Charter on Corporate Responsibility for Environmental Protection (CREP) on a sustained basis.

AUDIT COMMITTEE

The Audit Committee of the Board consists of four members and all of them are Non Whole-

time Directors, viz., Sri R V Gupta, Dr S Narayan, Sri Bimal Kumar Poddar and Sri V Sridar.

Sri R V Gupta is the Chairman of the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

While preparing the annual financial statements, the Company has adhered to the following :

- ◇ Applicable Accounting Standards referred to in Section 211(3-C) of the Companies Act, 1956 have been followed.
- ◇ The said Accounting Standards are being applied consistently. The Company has made judgements and estimates that are reasonable, prudent and are in the interest of the Company's business so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the said period.
- ◇ The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- ◇ The Directors have prepared the financial statements on a "going concern" basis.

CORPORATE GOVERNANCE

The Report on Management's Discussion and Analysis and Report on Corporate Governance are forming part of Directors' Report and are annexed as Annexure - III and Annexure - IV.

As required by the Listing Agreement, an Auditors' Report on Corporate Governance and a Declaration by the Chairman and Managing Director with regard to Code of Conduct are attached to the said Report.

Further, as required by Clause 49 of the Listing Agreement, a Certificate, duly signed by the Chairman and Managing Director and

Director (Finance) & Secretary, was submitted to the Board of Directors on the financial statements and cash flow statement of the Company for the year ended March 31, 2010 at the Meeting held on May 29, 2010.

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

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure - I and forms part of this Report.

PARTICULARS OF EMPLOYEES

The statement of employees, referred to in sub-section (2A) of Section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure - II and forms part of this Report. The employees shown therein are not relatives of any Director of the Company.

CASH FLOW STATEMENT

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, a Cash Flow Statement is attached to the Balance Sheet.

EMPLOYEES

Relations between the Management and Employees were cordial throughout the year under review. Negotiations are underway with Labour Unions for revision of salaries, wages and other benefits payable to employees.

DIRECTORS

Sri Arun G Bijur, Sri K S Kasi Viswanathan and Sri V Pichai, Directors, retire by rotation, under Article 104 of the Articles of Association of the Company at the conclusion of the ensuing

Fiftieth Annual General Meeting and being eligible offer themselves for re-election at the said Meeting.

AUDITORS

Messrs Suri & Co., Chennai and Messrs S Viswanathan, Chennai, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Necessary Resolution for their appointment is proposed at the ensuing Annual General Meeting.

COST AUDIT

Pursuant to Section 233-B of the Companies Act, 1956, the Central Government has ordered that the Company carries out an audit of cost accounts relating to paper every year. M/s S Mahadevan & Co., Cost Accountants, was appointed as Cost Auditor for the year 2009-10. The Cost Audit Report for the year 2009-10 will be submitted to the Central Government before the due date.

ACKNOWLEDGEMENT

The Directors place on record their great appreciation of the fine efforts of all Executives and Employees of the Company which was instrumental in achieving improved profitable financial results in a difficult year. The Directors also express their sincere thanks to the Government of India, Government of Tamilnadu and Commercial Banks, for their understanding, guidance and assistance and Dealers, Customers and Suppliers, for their excellent support, at all times.

On behalf of the Board

NGOPALARATNAM
Chairman and Managing Director

Chennai
May 29, 2010

**INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956,
READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN
THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

A. CONSERVATION OF ENERGY

a) Measures taken for conservation of energy :

- ◇ Solar Water Heater for Canteen.
- ◇ Flash Steam recovery from MG and Yankee Paper Machines Cylinder Condensate in Paper Machine Section.
- ◇ Switch over to normal Mill water in place of hot water in Chlorine Dioxide (D1 State) ECF bleaching.
- ◇ Installation of Energy efficient Pumps in Intake Well / recycled (PER) Water System.
- ◇ Biomass Fuel Switch (partial) to produce Gas in Gasifier in Rotary Lime Kiln.
- ◇ Stoppage of 180 kW Raw Water Pump and running 90 kW Vertical Turbine Pump by interconnecting the lines at Water Treatment Plant and one Cooling Tower Fan.
- ◇ Diversion of excess water from ClO₂ Plant back to Water Treatment Plant, conserving 3000 m³ of water / day and stoppage of extra Pumps.
- ◇ Replacing Trim Cooler with C1C2 Heat Exchanger.
- ◇ Enhanced heat recovery from hot EOP Filtrate through minimisation of scaling in wide gap PHE through pre-treatment of fluid with dilute Sulphamic Acid.

b) Additional investments and proposals, if any :

- ◇ LMCD Hot Water System optimisation.
- ◇ Steam conservation, including controls in Causticizer.
- ◇ Improved instrumentation and controls in Old Pulp Mill to reduce energy consumption.
- ◇ Chemical Recovery Boiler - Insulation upgrade.
- ◇ Deaerator steam consumption reduction through insulation of all heated lines and Tanks of Boiler Feed Water.
- ◇ Specific Fuel (HFO) consumption reduction in Lime Kiln through energy conservation and using Fuzzy Logic System.
- ◇ Energy Conservation Schemes for effecting Specific Steam consumption reduction in Paper Machine - 5.
- ◇ Efficient Soot Removal Scheme in Super Heater section for maintaining rated main steam temperature in Boiler # 10.

c) Impact of the above measures on consumption of energy :

The above measures have resulted in reduced consumption of energy, reduction in cost of production, reduced machines downtime, etc.

SESHASAYEE PAPER AND BOARDS LIMITED

d) Total energy consumption and energy consumption per unit of production as per Form - A :

FORM - A

	Year ended			Year ended	
	31-3-2010	31-3-2009		31-3-2010	31-3-2009
A POWER AND FUEL CONSUMPTION			4 Coconut Shell		
1 Electricity			Quantity - tonnes	3	3356
a) Purchased			Total cost - Rs lakhs	0.13	100.15
Unit - lakh kWh	158.90	213.12	Average rate - Rs/tonne	4395	2984
Energy charges - Rs lakhs	613.58	780.51	5 Other Fuels		
MD and other charges	453.69	498.91	Quantity - tonnes	--	17
Total charges	1067.27	1279.42	Total cost - Rs lakhs	--	0.28
Rate/unit - Rs	3.8615	3.6624	Average rate - Rs/tonne	--	1628
b) Own generation			6 Furnace oil		
Through Steam Turbine			Quantity - kilo litres	10065	3316
Units - lakh kWh	1887.67	1739.77	Total cost - Rs lakhs	2307.40	724.00
Units per kg of fuel	--	--	Average rate - Rs/kilo litre	22925	21834
Cost/unit - (Variable) - Rs	2.22	2.38			
2 Coal			B CONSUMPTION PER UNIT OF PRODUCTION		
Quantity - tonnes	149392	132981	Electricity - kWh	1735	1630
Total cost - Rs lakhs	5926.21	6909.20	Coal - tonne	1.266	1.110
Average rate - Rs/tonne	3967	5196	Lignite - tonne	0.182	0.152
3 Raw Lignite			Coconut Shell - tonne	0.000	0.028
Quantity - tonnes	21530	18148	Other Fuels - tonne	0.000	0.0001
Total cost - Rs lakhs	394.35	325.20	Furnace oil - kilo litre	0.085	0.028
Rate/unit - Rs/tonne	1832	1792			

B. TECHNOLOGY ABSORPTION

e) Efforts made in technology absorption as per Form - B :

FORM - B

RESEARCH AND DEVELOPMENT (R & D)

1 Specific areas in which R & D was carried out by the Company

- (i) Hardwood pulping and bleaching :
 - Optimisation of RDH Process Parameters with different wood species.
 - Optimisation of ECF Bleaching Sequence O-D0-EOP-D1, by various trials for efficient operating conditions and effective chemical utilisation in Hard Wood street.
- (ii) R & D trials and tests for quality improvement and cost effectiveness :
 - Development of new products, such as Super White Paper with higher brightness and pleasant shade, Dark Beige MG Poster, High Bright HB Graphic with 93% brightness.
 - Implementation of Alkaline Sizing (AKD) for most of the Coloured Papers, by replacing Acid Sizing.
 - Introduction of Direct Orange in Binary Sizing, by replacing Acid Orange with Acid Sizing.
 - Conducting various Plant Trials with different Polymers Additives for improving surface properties of Paper.
 - Introduction of high bright Filler, like Soapstone Powder with 94% brightness and imported ground Calcium Carbonate with 94% brightness for improving brightness and shade of Paper.
 - Introduction of two stage Causticising Process for Silica removal in the Lime Sludge which improves re-burning of Lime Sludge.

2 Benefits derived as a result of the above R & D

- Consistent Pulp quality from RDH and ECF Bleaching Process, with high brightness, lower colour reversion and improved strength.
- Effluent discharged from the Mill contains lower dioxin content.
- Lower consumption of Chemicals and Additives, leading to reduction in production costs.
- Consistent quality of Burnt Lime from Lime Sludge re-burning process.

- | | |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 Future plan of action | <ul style="list-style-type: none"> – Optimisation of various key Parameters for Bagasse ECF Bleaching Process. – Elimination of Acid Sizing process dyes for coloured papers, by substituting Binary / AKD Sizing with direct dyes. – Conducting Plant Trials for ASA Sizing process. – Evaluation of new Additives for improvement of strength and surface properties. |
| 4 Expenditure on R & D | – The R & D work is carried out in the Central Laboratory attached to the Mill. |
| (a) Capital | – -- |
| (b) Recurring | – Rs 25.93 lakhs |
| (c) Total | – Rs 25.93 lakhs |
| (d) Total R & D expenditure as a percentage of total turnover | – 0.05% |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) During the year under review, the Company exported 5 935 tonnes of Paper and Boards valued at US\$ 5 066 540, equivalent to Rs 2 370 lakhs.

g) Total Foreign Exchange earned and used :

(i) Earnings	– Rs 2 370 lakhs
(ii) Outgo :	
Raw Materials	– Rs 170 lakhs
Components, Spare Parts & Chemicals	– Rs 5 404 lakhs
Capital Goods	– Rs 244 lakhs
Others	– Rs 104 lakhs
Total	– Rs 5 922 lakhs

STATEMENT REQUIRED TO BE FURNISHED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, AS AMENDED BY THE COMPANIES (AMENDMENT) ACT, 1988, AND READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 3 2010 :

I Employees of the Company who were employed throughout the financial year and in receipt of remuneration for the year which in the aggregate was not less than Rs 24 00 000/-.

1	Name of employee	: Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
2	Designation / Nature of duties	: Chairman and Managing Director	Deputy Managing Director	Director (Finance) & Secretary
3	Remuneration received	: Rs 56 64 352	Rs 28 52 077	Rs 29 92 295
4	Qualification	: B. Sc., B.E. (Mech.)	B.Tech., MMS	B.Com., ACA, ACS, CAIIB
5	Experience of employee (years)	: 41	35	40
6	Date of commencement of employment	: 01 04 1988	31 03 1991	12 06 1980
7	Last employment held, designation / organisation	: Project Specialist, SPB Projects and Consultancy Limited	Project Co-ordinator, SPB Projects and Consultancy Limited	Seven years experience in a Nationalised Bank
8	Age (years)	: 63	59	62

II Employees of the Company who were employed for part of the financial year and in receipt of remuneration at a rate, which in the aggregate was not less than Rs 2 00 000 per month.

Nil

Notes :

- None of the above is a relative of any Director.
- Remuneration includes salary, commission, allowances and contribution to Provident Fund, Superannuation Fund and Gratuity Fund.
- The employment of all the above is contractual.

REPORT ON MANAGEMENT'S DISCUSSION AND ANALYSIS

(i) Industry structure and developments**Global :**

Paper Industry plays a very prominent role in the World Economy. Annual revenue from this Sector exceeds US\$ 500 billions. World consumption of paper and boards grew from 169 million tonnes in 1981, to 253 million tonnes in 1993 and to 352 million tonnes in 2005. Current consumption is of the order of 390 million tonnes.

Global paper and boards manufacture is dominated by three major regional blocks: North America, Western Europe and Asia. The four key paper and board categories are Newsprint, Coated Papers, Uncoated Wood-free Papers and Papers and Boards for the packaging applications. Industry's growth rate was 3.4% per annum in the 1980s and early 1990s. This has since slowed down to 2.5% - 2.8% in the 1990s and currently. The growth rate will vary by grade. Coated Wood-free paper and Office grades will witness higher growth rates.

Year 2009, however, witnessed unprecedented slump in demand, both in North America and Europe following the global financial crisis. Several closures of mills and market related downtimes availed by the mills resulted in capacity utilisation hitting a new low.

The Industry which is capital intensive and cyclical is dominated by the North American and European Producers. Over 100 million tonnes of paper and boards are consumed by the North American Block. Asia, inclusive of Japan, accounts for 140 million tonnes per annum of consumption. Europe's share is of the order of 102 million tonnes. China had registered the fastest growth (9.3% per annum) in recent times. This is expected to slow down to 7.1% per annum upto 2010. India, whose consumption is a low 8.5 million tonnes per annum, has the distinction of being the fastest growing nation in the Paper sector at 7.4% per annum.

Unlike consumption trends in the other mature commodity sectors, paper consumption follows closely economic growth. Per capita consumption has grown to about 190 kgs per annum in Western Europe and more than 300 kgs per annum in North America. In the developing economies, paper consumption is growing rapidly, but the per capita consumption is still a low 17.5 kgs per annum. However, paper and board consumption in Asia already exceeds than in Europe. This growth rate would eventually make the region the largest paper consumer in the world.

Domestic :

Though the Indian Paper Industry ranks 15th in production globally, it is highly fragmented. As per estimates, there are more than 1000 paper mills in the Country. There are three segments in the entire Industry, other than newsprint segment, viz., (i) large integrated mills using bamboo and hardwood and large mills using waste paper / recycled fibre, (ii) medium mills using agricultural residues and (iii) small / medium mills using waste paper / recycled fibres. All the three sectors contribute equally to the total production of paper and paper board in the Country. The installed capacities of these mills range from 1000 tonnes per annum to 3 00 000 tonnes per annum.

The Paper Industry is an important industrial sector having a bearing on the socio-economic development of the Country. The Industry mirrors the Country's economic growth. It creates economic wealth in the hands of the poor, by generating rural employment. Indian Paper Industry is an important vehicle to drive the Government's National Literacy Mission. It is an important contributor to greening India through Social Forestry Programmes. The Indian Paper Industry is a rural based industry with linkage to Agriculture and Agro Forestry.

The Industry's current installed capacity is around 9.0 million tonnes. The annual output is

of the order of 7.3 million tonnes. The consumption is estimated at 8.5 million tonnes. The Industry provides direct employment to more than 5 lakhs people, besides indirect employment to over 11 lakhs rural poor. The Industry has grown at a CAGR of 6% in the last few years and is projected to grow at a CAGR of 7.6% in the next 2 - 3 years. While export performance witnessed a steady growth in the past, steep fall in prices following the economic downturn in overseas markets, has forced the Indian Mills to cut back on Exports.

About 6 00 000 tonnes of new capacity got added in 2008 and 2009. An additional 5 00 000 tonnes are in the pipe line.

While, the per capita consumption of paper and paper board is considered as a yardstick of modernisation of any Country, India's paper consumption of 8 kgs per capita, one of the lowest in the world, is a matter of concern. An increase in consumption by 1 kg per capita will lead to an increase in demand of one million tonnes. There has been a steady shift in paper consumption patterns consequent to change in the Country's economic scenario. Improved standard of living and increased urbanisation have fuelled the shift in demand from low value, low quality paper to high quality papers.

(ii) Opportunities and Threats

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

- ◇ its large and growing domestic paper market and potential export market.
- ◇ qualified technical manpower with capability to manage world scale pulp and paper mills.
- ◇ relatively low employee cost.
- ◇ well established Research and Development (R & D) facilities / activities encouraging innovation.
- ◇ fast growing contemporary printing sector.

- ◇ Government's thrust for improving literacy in the Country.
- ◇ potential for growth of forest plantation.

While so, the competitive weaknesses and threats that face the Industry are :

- ◇ inadequate availability of virgin fibre resulting in high cost of raw materials, including wood, non-wood and waste paper.
- ◇ delay in creation of sustainable raw material base through industrial plantations.
- ◇ small and fragmented Industry structure.
- ◇ many non competitive mills.
- ◇ inconsistent multi-tiered quality of products.
- ◇ environmental problems of most of the small pulp mills and also some large mills.
- ◇ high energy consumption and costs.
- ◇ poor infrastructure.
- ◇ likely closures, owing to increasingly stringent environmental regulations.
- ◇ numerous Regional Trade Agreements (RTAs) / Free Trade Agreements (FTAs) without adequate safeguards.
- ◇ With the bunched-up creation of about 10 lakh tonnes of additional capacity (between 2008, 2009 and 2010), demand/supply mismatch will confront the domestic manufacturers, impacting capacity utilisation and margins.

International Competitiveness is the key issue that is confronting the Paper Industry today, especially in the context of Government's resolve to bring down import tariff every year and RTAs/ FTAs proposed to be entered into with ASEAN/ SAARC countries, including China.

Paper Industry is capital intensive and yields poor returns on investments. The issues that require the urgent attention of the Government

are, creation of robust raw material base, fiscal incentives for assimilation of eco-friendly technologies, etc.

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

(iii) Segment-wise or Product-wise performance

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

(iv) Risks and Concerns

- ◇ There has been some improvement in the availability of wood from within the State. However, the price of wood is witnessing substantial increase, year after year. For the supplies effected from Government sources, the State Government is increasing the price, substantially, every year. Such price increases have impacted / will impact severely the margins of operations.
- ◇ The Company depends entirely on imported coal for operating its Captive Power Plant. The price of imported coal witnessed an unprecedented increase of more than 100% during 2007-08. Prices however softened from second half of 2008-09 and are currently in affordable range. Future profitability of the Company will be impacted substantially by price increases, if any.
- ◇ Continued reduction of peak import tariffs by Government of India will expose the Industry to flood of imports and will significantly alter the fortunes of the Industry and the Company.
- ◇ Undue haste in reducing tariffs, for imports from countries covered by

Government of India's RTAs / FTAs, will likewise expose the Industry to inexpensive imports from low cost producers of paper.

- ◇ Spurt in interest rates in the garb of containing inflation will impact the cost of future Projects and operating margins.
- ◇ In recent times, there are wild fluctuations in the rate of exchange between the Indian Rupee against major international currencies. The price movements are uncertain and quick. There is no certainty in forecast of the direction of the price movement of the currency. Any substantial depreciation of the Indian Rupee against US Dollar will impact the margins, since the Company imports substantial quantities of coal. The import of pulp has got reduced substantially with the completion of Mill Development Plan and the new Pulp Mill is in full operation.
- ◇ Rise in rate of inflation will impact the profitability of the Company, since there will be increase in prices of all inputs and cost of services, without matching increase in price for the Company's products.
- ◇ Failure of Monsoon and absence of water flow in the River Cauvery, from where the Company draws its water requirements, had created anxious moments to the Company in the past. Such contingencies can recur in the future. Further, inter-state sharing of River Cauvery water has become a political / legal issue in recent times. The Company has, however, taken all steps to curtail quantum of water used in the process, substantially.

(v) Outlook for 2010-11

Global :

The economic crisis that hit the world in the second half of 2008, has no doubt hit the global

Pulp and Paper Industry. The forces that drive paper consumption like publishing, advertising, media etc, are in retreat and are eroding paper demand. Consequently, production, shipments, revenues of the Paper Industry are facing huge decline; the biggest has been in the coated mechanical grades, followed by uncoated wood free sheets, coated wood free sheets and uncoated mechanical grades like newsprint. This has resulted in paper manufacturers taking frequent market-related shut-downs, as well as 'idling' of some capacity. Permanent withdrawal of production capacity has also been done.

The Industry is slowly coming out of the economic crisis and there are signs of optimism for various grades and regions. Resource Information Systems Inc.'s (RISI) forecast shows significant rebound in 2010 and 2011. RISI also predicts no recession for the Pulp Industry, during the next 5 years, only a mid-cycle slowdown in 2013.

Domestic :

Fitch Ratings has again projected a stable outlook for the Indian Paper Sector for the year 2010. Fitch analysis shows that India's Paper sector should benefit from recovery in macro-economic factors such as industrial output, an increase in corporate marketing spend and greater education and office activities.

Significant investments in capacity creation are under way in the Indian Paper Industry especially in the Printing and Writing segment. This should lead to competitive domestic prices. Margins will therefore be under pressure. Rising input costs, especially imported coal and chemicals will further accentuate this pressure.

The domestic consumption growth, according to Fitch, should trend upwards after declining to 4.5% in 2009. Factors such as economic growth, Government spending on education, and a rising standard of living should support long term growth of the domestic paper sector.

While the Indian Paper Industry is expected to operate under stable conditions in 2010, the new capacities coming on stream will enhance

the competition amongst the domestic manufacturers. This, coupled with raising input prices of Coal, Chemicals, Raw materials, etc., will exert pressure on the margins. The Industry will once again be required to look for avenues to eliminate waste and improve productivity in their manufacturing operations, to keep the margins under control.

(vi) Internal control systems and their adequacy

The Company is having an efficient and well established internal control system commensurate with the size and level of operations of the Company.

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

During the year, the Company produced 1 17 989 tonnes, compared to the installed capacity of 1 15 000 tonnes per annum, thus achieving a capacity utilisation in excess of 103%. The production of 1 17 989 tonnes was lower by 1790 tonnes, than 1 19 779 produced in the previous year. The lower production was mainly on account of higher downtime in Paper Machine - 5, disruptions in the operation of the Captive Power Plants and outages, due to restrictions in drawal of power from Tamilnadu Grid.

The Company sold 1 17 688 tonnes, during the year, as against 1 19 152 tonnes, in the previous year, excluding 599 tonnes (previous year 244 tonnes) of paper bought and sold. The Company achieved Zero Stock of Finished Goods inventory, as at the end of the financial year, for the thirteenth time in the last sixteen years.

The gross turnover was Rs 52897 lakhs, as against Rs 56116 lakhs, in the previous year. The gross turnover declined steeply on account of repeated price reductions effected during the year for the Company's products, due to unfavourable market conditions and reduction in rate of excise duty to 4% effected with effect from December 2008, as part of the relief package announced by the Central Government which formed part of the gross turnover since the price

structure for the Company's products is cum duty price.

During the first quarter of the year under review, writing and printing segment continued to exhibit shrinkage of demand which was prevalent in the earlier quarter, forcing the mills to reduce paper prices. Market conditions worsened in second quarter. There was over supply in the market when there was "shrunk" demand forcing the mills to offer various discounts to their existing prices in the market. In the beginning of the third quarter, market conditions saw further fall in demand in the writing and printing varieties. It was in the month of March, that certain positive events triggered the beginning of recovery in the paper market. Consequent to the trickling down of supplies and upward revision of prices from waste paper recycle mills, order flows improved to the large mills. This was further supported by the sudden stoppage of production of Pulp by two international major Pulp suppliers situated in Chile, due to a severe earthquake, bringing in sudden escalation of demand for pulp and paper.

There was no change in the rates of Excise Duty for Paper in the Budget for 2010-11, while a revision was done in Cup Stock, from 8% to 10%.

SPB launched its branded notebooks - "Success", in December 2009, in the southern domestic markets, through an exclusive channel arrangement, as a part of value addition to its products.

During the year, the Company exported 5935 tonnes of paper and paper boards, as compared to 5741 tonnes, during 2008-09. The proceeds amounted to US\$ 5 066 540, equivalent to Rs 2370 lakhs, as compared to Rs 2673 lakhs, during the previous year. The exports accounted for about 5% of the Production.

Besides the above, the Company also sold 1582 tonnes, under deemed exports whose proceeds amounted to Rs 694 lakhs.

The Company's imports, consisting of coal, pulp, chemicals and capital goods were Rs 5819

lakhs, as compared to Rs 12424 lakhs, in the previous year. Consequently, the net foreign exchange outgo was Rs 3553 lakhs, compared to Rs 9892 lakhs, during 2008-09. The lower foreign exchange outgo was mainly on account of lower import of Pulp.

During the year 2009-10, the Company availed Interest Free Sales Tax Deferral of Rs 313 lakhs and the cumulative amount availed upto March 31, 2010 was Rs 3657 lakhs.

The Profit before interest, depreciation and tax, for the year under review, was Rs 12172 lakhs, as compared to Rs 7629 lakhs, in the previous year. Major factors that contributed to higher profitability was full utilisation of the facilities created under the Mill Development Plan, commissioned during 2008-09 and consequent higher production of in-house pulp and reduction in use of imported pulp. However, the benefits realised on account of the above factors could not be retained fully, mainly due to drop in prices of paper, due to depressed paper market conditions. Consequent to capitalisation of Mill Development Plan assets during 2008-09, interest and financing charges and depreciation were provided for the full year whose high quantum impacted the profitability of the year under review.

After absorbing interest and financing charges and depreciation of Rs 2840 lakhs and Rs 3361 lakhs, respectively, the profit before tax was Rs 5971 lakhs, as compared to Rs 2391 lakhs, in the previous year.

The Company was liable to only Minimum Alternate Tax (MAT) of Rs 1004 lakhs, as against Rs 265 lakhs, in the previous year. In view of higher quantum of depreciation available, due to addition of Plant and Machinery under Mill Development Plan, the total income as per the regular method under the Income Tax Act is a loss. Hence, the entire MAT liability is carried over as MAT Credit Entitlement. Together with the opening balance of Rs 349 lakhs, the total MAT Credit Entitlement of Rs 1353 lakhs is being carried forward to be set-off in the financial year 2010-11 or thereafter.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of Rs 1978 lakhs has been transferred to Deferred Tax by debit to the Profit and Loss Account, as against transfer of Rs 858 lakhs to Deferred Tax in the previous year.

In the result, profit after tax for the year was Rs 3993 lakhs, as compared to Rs 1503 lakhs, in the previous year.

Cash generation during the year, was Rs 9332 lakhs, compared to Rs 4990 lakhs, in the previous year.

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

Relations between the Management and the labour were cordial, throughout the year under review. Negotiations are on with the Labour Unions regarding their demands for revision of salaries, wages and other benefits.

Currently, the Company has 1299 employees, of all ranks, on its rolls.

REPORT ON CORPORATE GOVERNANCE

1 A brief statement on Company’s philosophy on code of governance

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

- ◇ To have systems in place which will allow sufficient freedom to the Board of Directors and Management to take decision towards the progress of the Company and to innovate while remaining within a framework of effective accountability.

- ◇ To provide transparent corporate disclosures and adopt high quality accounting practices.
- ◇ Timely and proper dissemination of material price sensitive information and ensure insiders do not transact in securities of the Company till such information is made public.
- ◇ To adopt good Corporate Governance policies that will contribute to the efficiency of the enterprise, creation of wealth for the Shareholders and Country’s economy.

2 Board of Directors

The Board of Directors, as on date, consists of ten Directors, of whom seven Directors are Non Executive Directors of the Company. The Chairman and Managing Director, Deputy Managing Director and Director (Finance) & Secretary are the other three Directors who are in whole time employment of the Company.

The details are furnished hereunder :

SI No.	Name of the Directors	No. of Shares held	Executive / Non Executive Director	Promoter / Independent / Nominee Director
1	Sri N Gopalaratnam	9141	Chairman and Managing Director - Executive Director	Promoter Director
2	Sri Arun G Bijur	Nil	Non Executive Director	Non Independent Director
3	Sri Debendranath Sarangi, IAS	Nil	Non Executive Director	Nominee of Tamilnadu Government, Independent Director
4	Sri R V Gupta IAS (Retd.)	Nil	Non Executive Director	Independent Director
5	Dr S Narayan IAS (Retd.)	Nil	Non Executive Director	Independent Director
6	Sri Bimal Kumar Poddar	Nil	Non Executive Director	Non Independent Director
7	Mrs Sheela Rani Chunkath, IAS	Nil	Non Executive Director	Nominee of TIIC as Equity Investor, Independent Director
8	Sri V Sridar	Nil	Non Executive Director	Independent Director
9	Sri K S Kasi Viswanathan	492	Deputy Managing Director - Executive Director	Whole-time Director - Non Independent Director
10	Sri V Pichai	8449	Director (Finance) & Secretary - Executive Director	Whole-time Director - Non Independent Director

SESHASAYEE PAPER AND BOARDS LIMITED

Board Meetings :

During the year 2009-10, six Board Meetings were held on June 04, 2009, June 05, 2009, July 25, 2009, October 24, 2009, January 23, 2010 and March 27, 2010. The Annual General Meeting was held on July 25, 2009.

Attendance of each Director, at the Board Meetings held during the financial year 2009-10 and at the last Annual General Meeting, is furnished hereunder :

SI No.	Name of the Directors	Board Meetings		Last Annual General Meeting	
		Held	Attended	Attended	Not attended
1	Sri N Gopalaratnam	6	6	Yes	–
2	Sri Arun G Bijur	6	6	Yes	–
3	Sri Debendranath Sarangi, IAS	6	–	–	Yes
4	Sri R V Gupta	6	6	Yes	–
5	Dr S Narayan	6	4	Yes	–
6	Sri Bimal Kumar Poddar	6	4	Yes	–
7	Mrs Sheela Rani Chunkath, IAS	6	–	–	Yes
8	Sri V Sridar	6	5	Yes	–
9	Sri K S Kasi Viswanathan	6	6	Yes	–
10	Sri V Pichai	6	6	Yes	–

SESHASAYEE PAPER AND BOARDS LIMITED

Number of other Company Boards or Board Committees in which each of the Directors

of the Company is a Member or Chairperson, as on March 31, 2010 :

SI No.	Name of the Directors	Other Boards		Other Board Committees	
		Number	Member / Chairperson	Number	Member / Chairperson
1	Sri N Gopalaratnam	5 [@]	5 - Chairman	2	2 - Chairman
2	Sri Arun G Bijur	3	3 - Member	1	1 - Member
3	Sri Debendranath Sarangi, IAS	4	1 - Chairman 3 - Member	–	–
4	Sri R V Gupta, IAS (Retd.)	6	6 - Member	4	1 - Chairman 3 - Member
5	Dr S Narayan, IAS (Retd.)	10 ^{\$}	3 - Chairman 7 - Member	2	2 - Member
6	Sri Bimal Kumar Poddar	12 [@]	5 - Chairman 7 - Member	3	3 - Member
7	Mrs Sheela Rani Chunkath, IAS	6	1 - Chairman 5 - Member	1	1 - Chairman
8	Sri V Sridar	6 [@]	6 - Member	5	1 - Chairman 4 - Member
9	Sri K S Kasi Viswanathan	–	–	–	–
10	Sri V Pichai	3 ⁺	3 - Member	–	–

@ Includes 1 Private Limited Company.

\$ Includes 3 Private Limited Companies.

+ All the three are Private Limited Companies.

3 Audit Committee

Audit Committee of the Board was constituted in 1986 itself and is functioning effectively, without interruption. The terms of reference of the Audit Committee are :

To undertake periodical review of Company's operations and more particularly in the following areas :

- ◇ Financial performance of the Company
- ◇ Payment of dues to Institution / Banks, both interest and principal
- ◇ Payment of Government dues, such as customs duties, excise duties, Value Added Tax, income tax, etc.

- ◇ Inter Corporate Investments
- ◇ Policies relating to award of contracts, purchase and sale of raw materials, finished goods, etc.
- ◇ Overview of different items of expenditure incurred by the Company, with particular reference to whether they are extravagant or lavish and whether any diversion of funds, not directly relating to the affairs of the Company, has taken place and
- ◇ To do such other acts, deeds or things, as may be necessary from time to time, to fulfil the objectives aforementioned.

SESHASAYEE PAPER AND BOARDS LIMITED

The Audit Committee currently consists of three Independent Non Executive Directors and one Non Independent Non Executive Director.

Attendance of each Member Director, at the Audit Committee Meetings held during the financial year 2009-10, is furnished hereunder :

SI No.	Name of the Directors	Independent / Non Independent	Position	Audit Committee Meetings	
				Held	Attended
1	Sri R V Gupta, IAS (Retd.)	Independent Director	Chairman	5	5
3	Dr S Narayan, IAS (Retd.)	Independent Director	Member	5	5
2	Sri Bimal Kumar Poddar	Non Independent Director	Member	5	4
4	Sri V Sridar	Independent Director	Member	5	4

Sri R V Gupta, IAS (Retd.) is the Chairman of the Audit Committee. Sri V Pichai, Director (Finance) & Secretary acts as the Secretary to the Committee.

4 Remuneration Committee

The Company has constituted a Remuneration Committee of the Board which currently consists of the following Directors :

- ◇ Sri R V Gupta, IAS (Retd.)
- ◇ Dr S Narayan, IAS (Retd.)
- ◇ Sri Bimal Kumar Poddar and
- ◇ Sri V Sridar.

Remuneration to Non Whole-time Directors :

Remuneration to Non Whole-time Directors is paid, with the approval of the Board of Directors, Members of the Company in General Meeting and the Government of India, effective from the financial year 1994-95 onwards.

Currently, the Non Whole-time Directors are paid the following remuneration :

- ◇ Commission, restricted to a maximum of 1% of the net profits of the Company, computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956, for all of them together.
- ◇ The above shall be shared amongst the Non Whole-time Directors equally.
- ◇ The above shall be subject to a further ceiling of Rs 1 00 000 per financial year, for each Director.
- ◇ In case any Director has held the office of Director only for a part of the financial year, then the remuneration shall be paid only proportionately, in proportion to the period for which he was a Director during that financial year.

Besides the above, the Non Whole-time Directors are paid Sitting Fee for attending the Board / Committee Meetings of the Board of Directors, in accordance with the provisions of Articles of Association of the Company.

SESHASAYEE PAPER AND BOARDS LIMITED

During the financial year 2009-10, a sum of Rs 4 75 000 was paid as Sitting Fee to all the Non Whole-time Directors. Further, a sum of Rs 6 83 333 is payable, as Commission on Net Profits, for the financial year 2009-10. Details are furnished hereunder :

Sl No.	Name of the Non Whole-time Directors	Sitting Fee paid		Commission payable for 2009-10
		Board Meetings	Committee Meetings	
		Rs	Rs	
1	Sri Arun G Bijur	60000	45000	100000
2	Sri R V Gupta, IAS (Retd.)	60000	50000	100000
3	Dr S Narayan, IAS (Retd.)	40000	50000	100000
4	Sri Bimal Kumar Poddar	40000	40000	100000
5	Mrs Sheela Rani Chunkath, IAS	--	--	100000 [#]
6	Sri V Sridar	50000	40000	83333
7	Sri Debendranath Sarangi, IAS	--	--	100000 [@]
Total		250000	225000	683333

Payable to The Tamilnadu Industrial Investment Corporation Limited.

@ Payable to Government of Tamilnadu.

Remuneration to Chairman and Managing Director / Whole-time Directors :

Remuneration to Chairman and Managing Director / Deputy Managing Director / Whole-time Director is approved by the Board of Directors within the ceiling prescribed under Schedule XIII to the Companies Act, 1956. The same is also approved by the Members of the Company in General Meeting.

No Sitting Fee is paid to the Chairman and Managing Director / Deputy Managing Director / Whole-time Director.

Remuneration to Chairman and Managing Director / Deputy Managing Director / Whole-time

Director, for the financial year 2009-10 is as under :

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
	Rs	Rs	Rs
Salary	24 00 000	12 00 000	12 00 000
Commission paid during the year	24 00 000	12 00 000	12 00 000
Contribution to :			
(i) Provident Fund	2 88 000	1 44 000	1 44 000
(ii) Superannuation Fund	3 60 000	1 80 000	1 80 000
(iii) Gratuity Fund	2 11 352	1 05 676	1 05 676
Other Perquisites	5 000	22 401	1 62 619
Total	56 64 352	28 52 077	29 92 295

5 Share Transfer and Shareholders / Investors Grievance Committee

Name of the Non Executive Director heading the committee :

Sri Arun G Bijur

Name and designation of compliance officer :

Sri V Pichai
Director (Finance) & Secretary

Number of shareholders' complaints received during 2009-10 :

1

Number of complaints not solved to the satisfaction of shareholders :

Nil

Number of pending complaints as on March 31, 2010 :

Nil

6 General Meetings

Last three Annual General Meetings were held at 11.00 AM on July 28, 2007, July 26, 2008 and July 25, 2009, at the “Community Centre”, SPB Colony, Erode 638 010.

There were no Special Resolutions in the Annual General Meetings held on July 26, 2008 and July 25, 2009. There was a Special Resolution in the Annual General Meeting held on July 28, 2007, relating to approval for payment of remuneration by way of commission on Net Profit to Non Whole-time Directors.

The system of voting, by Postal Ballot, was introduced by the Companies (Amendment) Act, 2000, through the insertion of a new Section 192A to the Companies Act, 1956. The new provision has come into effect from May 10, 2001. Government of India has also notified, items of business that require voting through Postal Ballot. After the notified date, none of the items of business mentioned in the Notification, requiring voting by Postal Ballot, has been included in the Agenda of the General Body Meetings of the Company.

7 Disclosures

(i) (a) Ponni Sugars (Erode) Limited (PEL) :

Our Company holds 17 85 260 Shares of Rs 10 each, representing 20.77%, in the Equity Capital of Ponni Sugars (Erode) Limited (PEL).

Four of our Directors, viz., Sri N Gopalaratnam, Sri Bimal Kumar Poddar, Sri Arun G Bijur and Sri V Sridar, are also the Directors of PEL. Sri N Gopalaratnam, Chairman and Managing Director of our Company is also the Chairman of PEL.

PEL holds 12 00 000 Shares of Rs 10 each, representing 10.67%, in the Equity Capital of our Company.

Our Company has entered into a long term arrangement, with PEL, for procurement of entire bagasse produced by them in their unit at Erode. The arrangement includes procurement and supply of fuels to them, establishment and maintenance of infrastructure facilities, like

Boilers and Turbo Alternator Sets, supply of water, etc.

Our Company has also entered into a tri-partite arrangement, with PEL and three Lift Irrigation Societies, for supply of treated effluent water to the members of the Lift Irrigation Societies, for growing sugar cane in their fields and in turn, to supply the sugar cane so grown to PEL. The running and maintenance cost of the Pump Houses, for distribution of the treated effluent water to the fields of the farmers, is shared, equally, between our Company and PEL.

(b) SPB Projects and Consultancy Limited (SPB-PC) :

SPB-PC is a renowned consultancy Company in pulp and paper. Their services were enlisted as Project Consultants for all our major Projects, including the recent Mill Development Plan. Sri N Gopalaratnam, our Company's Chairman and Managing Director, is on the Board of SPB-PC and he is also the Chairman of SPB-PC. Sri Arun G Bijur, a Director of our Company is the Managing Director of SPB-PC. Our Company has invested Rs 5 lakhs, in the Equity Share Capital of SPB-PC, representing 16.67% of the Equity Capital of SPB-PC.

(c) High Energy Batteries (India) Limited (HEB) :

HEB was established in 1979-80, at the instance of Directorate of Technical Development and Production (DTD&P) Air, to initially develop and manufacture high energy specialised batteries for use by the Air force in MIG Aircrafts, in substitution of batteries that were then being imported from USSR.

Their current production range include batteries for Commercial and Military Aircrafts, Underwater Propulsion (Torpedo), Remote Sensing and Telemetry, Power Sources for Satellite Launch Vehicles, Missile Guidance Power Source, NiCd / NiMh rechargeable batteries, Fuel Cells, Cuprous Chloride batteries, etc.

The National Awards for the R & D efforts in industry for the years 1990-91 and 2004 were

given to HEB in recognition of their outstanding work in the battery technology field. In recognition of the successful indigenisation of the primary battery for SUT Torpedo, HEB received an award for indigenisation during the year 1998-99. Again in 2004, HEB received the Defence Technology Absorption Award from Defence Research & Development Organisation, Ministry of Defence, along with a Cash Prize. The Award was presented by the Hon'ble Prime Minister of India.

HEB has set up a Plant at a cost of Rs 20 crores (appx.), to diversify its product range and manufacture Automotive Lead Acid Batteries and VRLA Batteries for commercial applications in the domestic market. The Company expects to double its turnover from the current level of Rs 25 crores in the next couple of years.

To part finance the Project, HEB came up with a Rights Issue of Equity Shares, during the year, in the ratio of 1 : 1, at an issue price of Rs 100 per Share. The Company has invested Rs 200 lakhs in the Equity Capital of HEB, through this Rights Issue.

Sri N Gopalaratnam, our Company's Chairman and Managing Director, is on the Board of HEB and he is also the Chairman of HEB. Our Company is holding 2 82 911 Equity Shares of Rs 10 each, in the Equity Capital of HEB, constituting 15.78% of the total Equity Share Capital of HEB.

Outstanding, in the Inter Corporate Loan granted by our Company to HEB, was Rs 50 lakhs, as on March 31, 2010.

HEB holds 10329 Shares of Rs 10 each, representing 0.09%, in the Equity Capital of our Company.

(d) Time Square Investments Private Limited (TSI) :

TSI is an investment company belonging to the promoter group. TSI holds 11 72 225 Shares of Rs 10 each, representing 10.42% in the Equity Capital of our Company. Sri N Gopalaratnam, our Company's Chairman and Managing Director and Sri V Pichai, our Company's Director (Finance) & Secretary are on the Board of TSI.

(ii) The Company has complied with all the Regulations of the Securities Exchange Board of India (SEBI) and Stock Exchanges. Hence, no penalties or strictures were imposed on the Company, by any Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.

8 Compliance with Mandatory and Non mandatory requirements

The Company complies with all mandatory requirements of Corporate Governance contained in SEBI Guidelines and Listing Agreement.

The Company is in the regime of unqualified financial statements.

Though non-mandatory, Remuneration Committee of the Board has been constituted by the Company. Other Non-mandatory requirements, in the opinion of the Board, have no material bearing on the current standard of Corporate Governance by the Company and hence will be addressed as appropriate in future.

9 Means of communication

The Un-audited Quarterly Financial Results are published not only in news papers, but are also sent to each Shareholder, by post. The Results are generally published in 'The Hindu Business Line', in English and in 'Dinamalar', in Tamil. The Results are also placed on the Company's Web Site, www.spbltd.com.

As per the directions of the Securities and Exchange Board of India and the provisions of the amended Listing Agreements with the Stock Exchanges, the Company has created an exclusive e-mail ID, viz., investor@spbltd.com for redressal of investor grievances.

10 Management's Discussion and Analysis Report

Management's Discussion and Analysis Report is made a part of the Annual Report and attached to the Directors' Report to Shareholders.

11 CEO / CFO Certification

CEO / CFO Certification by Sri N Gopalaratnam, Chairman and Managing Director and Sri V Pichai, Director (Finance) & Secretary, as stipulated by Clause 49 of the Listing Agreement was placed before the Board of Directors at its meeting held on May 29, 2010.

For the Quarter ended	Furnished on
30 06 2009	14 07 2009
30 09 2009	13 10 2009
31 12 2009	12 01 2010
31 03 2010	12 04 2010

12 Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management Executives of the Company. The said Code of Conduct has been posted on the Web Site of the Company, viz., www.spbltd.com.

CEO Declaration :

DECLARATION

I, N Gopalaratnam, Chairman and Managing Director of Seshasayee Paper and Boards Limited, hereby declare that all Board Members and Senior Management Executives have affirmed compliance with the Code of Conduct laid down by the Board of Directors.

Sd/
(N GOPALARATNAM)
Chairman and
Managing Director

Chennai
May 29, 2010

13 Compliance Certificate of the Auditors

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance in deference to Clause 49 of the Listing Agreement and the same is annexed. Copy of the Certificate is furnished to the Stock Exchanges, as required.

14 Secretarial Audit Reports

Quarterly Secretarial Audit Reports, on reconciliation of the total admitted capital with NSDL / CDSL and the total issued and listed capital, were furnished to the Stock Exchanges on the following dates :

15 General Shareholder information

- (i) AGM : Date, time and venue :
11.00 AM
Saturday, July 24, 2010
"Community Centre", SPB Colony
Erode 638 010, Tamilnadu
- (ii) Financial Calendar (tentative and subject to change) :
May 2010 :
Audited Results for 2009-10
July 2010 :
Annual General Meeting and First Quarter Results for 2010-11
October 2010 :
Second Quarter Results
January 2011 :
Third Quarter Results
March 2011 :
Review of Performance
May 2011 :
Audited Results for 2010-11
July 2011 :
Annual General Meeting and First Quarter Results for 2011-12.
- (iii) Date of Book closure :
From July 15, 2010 to July 24, 2010
(both days inclusive).

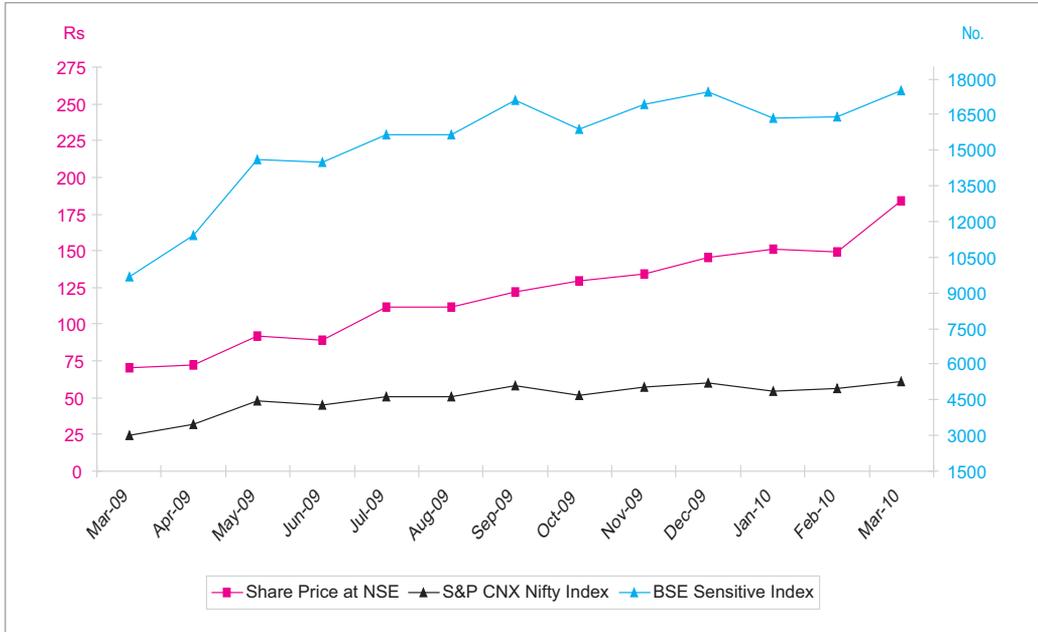
SESHASAYEE PAPER AND BOARDS LIMITED

- (iv) Dividend Payment Date :
On or after July 24, 2010, but before the statutory time limit of 30 days, from the date of declaration.
- (v) Listing on Stock Exchanges :
- (a) Bombay Stock Exchange Limited**
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Ph: (91)(22)2272 1233 - 1234 (General)
Web Site: www.bseindia.com
E-mail: isc@bseindia.com
Fax: (91)(22)2272 1919
- (b) National Stock Exchange of India Limited**
"Exchange Plaza"
Bandra - Kurla Complex
Bandra (East), Mumbai 400 051
Ph: (91)(22)2659 8100 - 8114
Web Site: www.nseindia.com
E-mail: cc_nse@nse.co.in
Fax: (91)(22)2659 8120
- (vi) Payment of Annual Listing Fees to the Stock Exchanges :
Listing Fee has been paid to the above two Stock Exchanges, in which the Company's Equity Shares are listed, upto March 31, 2011.
- (vii) Stock Codes :
Under DEMAT System, the ISIN allotted to the Company's Equity Shares is **INE630A01016**.
The Company's Stock Codes are **SESHAPAPER** in the National Stock Exchange and **502450** in the Bombay Stock Exchange.
- (viii) Market Price Data :
High, low and volume during each month in the last financial year (reported at the National Stock Exchange of India Limited and Bombay Stock Exchange Limited).

Month	Bombay Stock Exchange				National Stock Exchange			
	Share Price		Volume		Share Price		Volume	
	High Rs	Low Rs	No. of Shares	Value (Rs lakhs)	High Rs	Low Rs	No. of Shares	Value (Rs lakhs)
2009								
April	84.65	62.00	8359	5.88	86.95	64.60	12684	9.35
May	107.95	67.15	35470	29.74	109.70	60.15	33614	28.97
June	115.40	82.00	33299	34.13	117.95	84.00	30853	31.07
July	123.00	82.00	34729	36.76	125.00	75.25	98981	105.82
August	128.60	100.00	51247	54.75	116.95	97.50	59008	63.97
September	128.00	108.55	25992	30.83	127.00	104.30	47133	55.43
October	159.65	117.50	166778	234.04	161.00	121.00	251819	356.96
November	142.00	116.00	42832	57.83	146.75	122.55	49758	66.88
December	157.80	137.00	65232	94.41	155.45	135.05	101629	147.84
2010								
January	186.00	143.05	686119	1142.06	180.80	136.00	469102	780.29
February	170.70	141.30	588888	944.00	170.50	139.70	616650	988.93
March	197.00	147.00	363288	625.19	197.95	145.05	338839	597.48

15 General Shareholder information (Contd.)

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



(x) Registrar and Transfer Agent both for shares held in physical form and in electronic mode :

Integrated Enterprises (India) Limited

'Kences Towers', II Floor
 No.1, Ramakrishna Street
 North Usman Road
 T Nagar
 Chennai 600 017
 Ph: (91)(44)2814 0801 - 803
 Fax: (91)(44)2814 2479
 Email: yesbalu@iepindia.com

(xi) Share Transfer System :

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

The Share Transfer and Shareholders/ Investors Grievance Committee of the Board of Directors meets once in three months. To further quicken the process of transfer of shares, the Director (Finance) & Secretary has been delegated with the powers to approve transfers, if the documents are in order.

15 General Shareholder information (Contd.)

(xii) Distribution of shareholding as on March 31, 2010 :

Distribution	No. of Shareholders	% of Shareholders	No. of Shares	% of Share holding
1 - 100	10 087	73.34	4 65 032	4.13
101 - 200	1 883	13.69	2 87 130	2.55
201 - 500	1 154	8.39	3 76 134	3.34
501 - 1000	330	2.40	2 53 591	2.26
1001 - 5000	215	1.56	4 57 282	4.07
5001 - 10000	42	0.31	3 12 749	2.78
10001 and above	42	0.31	90 98 082	80.87
Total	13 753	100.00	1 12 50 000	100.00

(xiii) Pattern of shareholding as on March 31, 2010 :

Category	No. of Shareholders	Voting strength %	No. of Shares held
Individuals	13 262	27.90	31 38 292
Companies	362	34.52	38 83 544
FII's, NRIs, OCBs	105	15.79	17 76 154
Mutual Funds, Insurance Companies and Banks	17	0.51	57 139
FIs	7	21.28	23 94 871
Total	13 753	100.00	1 12 50 000

15 General Shareholder information (Contd.)

(xiv) Top 10 Shareholders of the Company as on March 31, 2010 :

Sl No.	Names	No. of Shares	%
1	The Tamilnadu Industrial Investment Corporation Limited	18 00 000	16.00
2	Synergy Investments Pte Ltd	15 47 695	13.76
3	Ponni Sugars (Erode) Ltd	12 00 000	10.67
4	Time Square Investments Private Ltd	11 72 225	10.42
5	Life Insurance Corporation of India	5 93 271	5.27
6	Dhanashree Investments Private Ltd	5 29 988	4.71
7	Sangameshwar Properties Private Ltd	4 74 463	4.22
8	Pushpa Devi Saraogi	2 24 999	2.00
9	Usha Devi Saraogi	2 24 990	2.00
10	Atyant Captial Management Ltd	2 01 682	1.79
	Total	79 69 313	70.84

(xv) Dematerialisation of Shares and Liquidity :

For Dematerialisation of Equity Shares, the Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's Equity Shares have been included in the list in which trading is compulsory for all investors in dematerialised form, along with other scrips, from July 24, 2000.

As on March 31, 2010, 5 535 Shareholders are holding Shares in DEMAT form and 86 31 252 Shares have been dematerialised, representing 76.72% of the total Equity Share Capital.

(xvi) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity :

NIL

(xvii) Plant Location :

Pallipalayam
Namakkal District, Cauvery RS PO
Erode 638 007, Tamilnadu

(xviii) Address for correspondence :

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

SESHASAYEE PAPER AND BOARDS LIMITED

SURI & CO.,
CHARTERED ACCOUNTANTS

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

CERTIFICATE OF THE AUDITORS TO THE SHAREHOLDERS OF M/s SESHASAYEE PAPER AND BOARDS LIMITED ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s Seshasayee Paper and Boards Limited, for the year ended on March 31, 2010, 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. Our examination was limited to procedures and implementations hereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

For SURI & CO.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 20583
Partner
Chartered Accountants

Chennai
May 29, 2010

For Messrs S VISWANATHAN
Firm Regn. No. 004770S
Chella K Srinivasan
Membership No. 23305
Partner
Chartered Accountants

SESHASAYEE PAPER AND BOARDS LIMITED

SURI & CO.,
CHARTERED ACCOUNTANTS

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF M/s SESHASAYEE PAPER AND BOARDS LIMITED

We have audited the attached Balance Sheet of M/s SESHASAYEE PAPER AND BOARDS LIMITED, as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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.

The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement, dealt with by this Report, are in agreement with the books of account.

In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, dealt with by this Report, comply with the Accounting Standards, referred to in

Section 211(3C) of the Companies Act, 1956, so far as applicable.

On the basis of declarations from the Directors of the Company, as at March 31, 2010, and taken on record by the Board of Directors of the Company, no Director is disqualified as on March 31, 2010, from being appointed as a Director of the Company, in terms of Section 274(1)(g) of the Companies Act, 1956.

The Cess, specified under Sub-section (2) of Section 441A of the Companies Act, 1956, has not been provided for nor paid, in view of the rate and manner of payment having not yet been notified by the Central Government.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles, generally accepted in India :

- (i) in the case of the Balance Sheet, of the state of the Company's affairs, as at March 31, 2010;
- (ii) in the case of the Profit and Loss Account, of the PROFIT for the financial year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government under Section 227(4A) of the Companies Act, 1956, we state that :

- 1 (a) The Company has maintained proper records showing full particulars including

- quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) Fixed assets of a substantial part, affecting the going concern, have not been disposed off during the year.
- 2 (a) The Management has carried out physical verification of inventory at reasonable intervals.
- (b) The procedure of physical verification of inventory, followed by the Management, is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3 (a) The Company has granted an unsecured loan of Rs fifty lakhs to a Company covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) The rate of interest and other terms and conditions of the loan given are, prima facie, not prejudicial to the interest of the Company.
- (c) The payment of interest is regular and the repayment of the principal has not fallen due and hence, Sub-clause (d) of Clause (iii) of Paragraph 4 of the Order is not applicable and
- (d) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 and hence, Sub-clauses (f) and (g) of Clause (iii) of Paragraph 4 of the Order are not applicable.
- 4 There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and no major weakness has been noticed in the internal control system.
- 5 (a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the Register required to be maintained under that Section.
- (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time.
- 6 The Company has not accepted any deposits from the public.
- 7 The Company has an internal audit system commensurate with its size and nature of its business.
- 8 Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 and such accounts and records have been made and maintained.
- 9 (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
- (b) The Company has not deposited the disputed Excise Duty of Rs 389.61 lakhs, consisting of Rs 4.56 lakhs, for the period October 1996 to November 1996, Rs 4.69 lakhs for the period March 2005 to November 2005, Rs 76.61 lakhs, for the period May 2005 to December 2006

SESHASAYEE PAPER AND BOARDS LIMITED

and Rs 269.76 lakhs, for the period February 2004 to March 2005, on which appeals are pending before the Customs, Excise and Service Tax Appellate Tribunal and Rs 7.67 lakhs, for the period December 2005 to June 2007 and Rs 26.32 lakhs for the period January 2007 to June 2007 on which appeals are pending before the Commissioner (Appeals) and disputed Income Tax of Rs 1.43 crores for the Assessment Year 2007-08, on which appeals are pending before the Commissioner of Income Tax (Appeals).

- 10 The Company has no accumulated losses as at March 31, 2010 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- 11 The Company has not defaulted in repayment of dues to financial institution or banks. There are no dues payable to the debenture holders during the year.
- 12 The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence, maintenance of adequate documents and records for such cases does not arise.
- 13 The Company is not a chit fund / nidhi / mutual benefit fund / society and hence,

Chennai
May 29, 2010

For SURI & CO.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 20583
Partner
Chartered Accountants

Clause (xiii) of Paragraph 4 of the Order is not applicable to the Company.

- 14 The Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15 The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 Term loans borrowed by the Company were applied for the purpose for which the loans were obtained.
- 17 Funds raised on short term basis have not been used for long term investments.
- 18 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, during the year.
- 19 The Company has not issued any debentures and hence, creation of charge does not arise.
- 20 The Company has not raised any money through public issues and hence, disclosure and verification of end use of money raised through public issues do not arise.
- 21 According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Messrs S VISWANATHAN
Firm Regn. No. 004770S
Chella K Srinivasan
Membership No. 23305
Partner
Chartered Accountants

SESHASAYEE PAPER AND BOARDS LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

	Schedule	As at 31-3-2010		As at 31-3-2009	
		Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
I SOURCES OF FUNDS					
1 Shareholders' Funds					
(a) Share Capital	A	1125.00		1125.00	
(b) Reserves and Surplus	B	<u>21333.80</u>		<u>18127.95</u>	
			22458.80		19252.95
2 Loan Funds					
(a) Secured Loans	C		28882.75		33697.71
(b) Unsecured Loan - Interest Free Sales Tax Loan			3657.14		3344.52
3 Deferred tax					
Total			<u>8724.50</u>		<u>6746.50</u>
			<u>63723.19</u>		<u>63041.68</u>
II APPLICATION OF FUNDS					
1 Fixed Assets					
(a) Gross Block	D		74638.12	74233.81	
(b) Less : Depreciation			<u>24832.66</u>	<u>21571.33</u>	
(c) Net Block			49805.46	52662.48	
(d) Capital Work-in-Progress			<u>772.94</u>	<u>132.99</u>	
			50578.40		52795.47
2 Investments					
	E		1019.05		819.05
3 Current Assets, Loans and Advances					
(a) Inventories	F		4780.97	6844.56	
(b) Sundry Debtors	G		4497.24	4903.15	
(c) Cash and Bank Balances	H		9168.22	6440.94	
(d) Loans and Advances	I		<u>4262.96</u>	<u>3057.32</u>	
			22709.39	21245.97	
<i>Less :</i>					
Current Liabilities and Provisions					
(a) Liabilities	J		9796.54	11358.14	
(b) Provisions			<u>787.11</u>	<u>460.67</u>	
			10583.65	11818.81	
Net Current Assets			<u>12125.74</u>		<u>9427.16</u>
Total			<u>63723.19</u>		<u>63041.68</u>

Note : Schedules 'A' to 'J' and Notes in Schedule 'T' form an integral part of this Balance Sheet.

Vide our report of date attached For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.20583 Partner Chartered Accountants Chennai May 29, 2010	For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.23305 Partner Chartered Accountants	N GOPALARATNAM Chairman and Managing Director V PICHAI Director (Finance) & Secretary	ARUN G BIJUR R V GUPTA Dr S NARAYAN V SRIDAR Directors K S KASI VISWANATHAN Deputy Managing Director
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------

SESHASAYEE PAPER AND BOARDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Schedule	Year ended 31-3-2010		Year ended 31-3-2009	
		Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
1 INCOME					
Sales (Gross)		52897.23		56115.94	
Less : Excise Duty and Excise Cess		1971.47		3204.71	
Sales (Net)			50925.76		52911.23
Other income	K		872.99		991.89
Increase / (Decrease) in Stock-in-Trade	L		0.00		0.00
			<u>51798.75</u>		<u>53903.12</u>
2 EXPENDITURE					
Materials Consumed	M		21743.18		25818.46
Power and Fuel			7930.06		9478.66
Employees' Cost	N		3398.76		3184.30
Repairs and Maintenance	O		1736.66		1546.53
Selling and Distribution Expenses	P		3478.73		3744.25
Other Expenses	Q		1329.01		2193.49
Decrease / (Increase) in Stock-in-Process	R		10.55		308.92
			<u>39626.95</u>		<u>46274.61</u>
3 PROFIT BEFORE INTEREST, DEPRECIATION AND TAX			12171.80		7628.51
Interest and Financing Charges	S		2839.59		2608.92
Depreciation			3361.25		2628.86
4 PROFIT BEFORE TAX			5970.96		2390.73
Provision for Current Tax					
– Minimum Alternate Tax (MAT) payable		1004.00		265.00	
– MAT Credit Entitlement		1004.00		265.00	
			0.00		0.00
Transfer to Deferred Tax			1978.00		858.00
Provision for Fringe Benefit Tax			0.00		30.00
5 PROFIT AFTER TAX			3992.96		1502.73
Profit brought forward from previous year			1642.66		1545.60
<i>Transfer from :</i>					
Investment Allowance Reserve			0.00		55.00
Total			<u>5635.62</u>		<u>3103.33</u>

— SESHASAYEE PAPER AND BOARDS LIMITED —

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010 (Contd.)

	Year ended 31-3-2010 Rs lakhs	Year ended 31-3-2009 Rs lakhs
6 APPROPRIATIONS		
<i>Transfer to :</i>		
General Reserve	2500.00	1000.00
Proposed Dividend at 60% (Previous year @ 35%)	675.00	393.75
Tax on Proposed Dividend	112.11	66.92
Balance Carried over	2348.51	1642.66
Total	5635.62	3103.33

Notes :

1 Basic and Diluted Earnings Per Share (Rs) :	35.49	13.36
2 Number of Equity Shares of Rs 10 each	11250000	11250000
3 Schedules 'K' to 'S' and Notes in Schedule 'T' form an integral part of this Profit and Loss Account.		

Vide our report of date attached		
For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.20583 Partner Chartered Accountants	For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.23305 Partner Chartered Accountants	N GOPALARATNAM Chairman and Managing Director V PICHAI Director (Finance) & Secretary
Chennai May 29, 2010		ARUN G BIJUR R V GUPTA Dr S NARAYAN V SRIDAR Directors K S KASI VISWANATHAN Deputy Managing Director

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2010
Rs lakhs

As at
31-3-2009
Rs lakhs

SCHEDULE 'A' - SHARE CAPITAL

AUTHORISED :

2 50 00 000 - Equity Shares of Rs 10 each	2500.00	2500.00
3 00 00 000 - Cumulative Redeemable Preference Shares of Rs 10 each	3000.00	3000.00
	5500.00	5500.00

ISSUED, SUBSCRIBED AND PAID UP :

1 12 50 000 - Equity Shares of Rs 10 each fully paid up	1125.00	1125.00
(Of the above, 17 50 000 Equity Shares were allotted as fully paid up, by way of bonus shares, by capitalisation of Reserves)		
	1125.00	1125.00

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2010		As at 31-3-2009	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'B' - RESERVES AND SURPLUS				
CAPITAL RESERVE :				
As per last Balance Sheet		50.29		50.29
SHARE PREMIUM ACCOUNT :				
As per last Balance Sheet		360.00		360.00
OTHER RESERVES :				
Investment Allowance Reserve :				
As per last Balance Sheet		75.00		75.00
(Rs 75.00 lakhs utilised for acquiring new machinery and plant)				
General Reserve :				
As per last Balance Sheet		16000.00		15000.00
Add : Transfer from Profit and Loss Account		<u>2500.00</u>		<u>1000.00</u>
		18500.00		16000.00
Surplus :				
Balance in Profit and Loss Account		<u>2348.51</u>		<u>1642.66</u>
		<u>21333.80</u>		<u>18127.95</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2010 Rs lakhs	As at 31-3-2009 Rs lakhs
SCHEDULE 'C' - SECURED LOANS		
LOANS AND ADVANCES FROM BANKS :		
WORKING CAPITAL ADVANCES (See Note 2 below)	8913.31	7823.39
TERM LOANS		
(a) Captive Power Project (See Note 1(c) below)	220.06	1125.00
(b) Mill Development Plan (See Note 1 below)	19749.38	24749.32
	28882.75	33697.71

Notes :

1 Secured by :

- a) a charge, by way of mortgage of immovable properties of the Company, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land, together with structures thereon and items enumerated in (c) below) and
- b) by way of hypothecation of all Company's movables, including movable plant and machinery, other than items enumerated in (c) below, save and except book debts, subject to prior charge in favour of Company's bankers, for securing working capital advances.
- c) by way of hypothecation of movable plant, machinery, fixtures, implements, fittings and other installations and all other articles and things purchased for the Captive Power Project.

2 The working capital advances, sanctioned by the bankers are secured :

- by way of hypothecation of stocks of stores, raw materials, including goods-in-transit, stock-in-trade, stock-in-process and book debts and
- by a second charge, on the fixed assets of the Company, enumerated in 1(a) above, to the extent of Rs 8500 lakhs.

SESHASAYEE PAPER AND BOARDS LIMITED

SCHEDULE 'D' - FIXED ASSETS

PARTICULARS	COST			DEPRECIATION				WRITTEN DOWN VALUE		
	As at 1-4-2009 Rs lakhs	Additions Rs lakhs	Deductions/ Adjustments Rs lakhs	As at 31-3-2010 Rs lakhs	Upto 31-3-2009 Rs lakhs	For the Year Rs lakhs	Withdrawn/ Adjustments Rs lakhs	Upto 31-3-2010 Rs lakhs	As at 31-3-2010 Rs lakhs	As at 31-3-2009 Rs lakhs
A. TANGIBLE ASSETS										
LAND AND BETTERMENT	108.35	0.00	0.00	108.35	0.00	0.00	0.00	0.00	108.35	108.35
BUILDINGS										
- LEASEHOLD	20.51	0.00	0.00	20.51	4.70	0.33	0.00	5.03	15.48	15.81
- OTHERS	7113.84	89.92	2.98	7200.78	1267.80	230.15	0.00	1497.95	5702.83	5846.04
PLANT AND MACHINERY										
- ON LEASE TO OTHERS	4210.62	0.00	0.00	4210.62	4210.62	0.00	0.00	4210.62	0.00	0.00
- OTHERS	61562.08	373.47	123.32	61812.23	15494.11	3050.86	97.87	18447.10	43365.13	46067.97
FURNITURE, FIXTURES, EQUIPMENT, ETC.	917.87	57.12	2.70	972.29	528.21	52.25	2.05	578.41	393.88	389.66
VEHICLES	111.66	7.47	0.00	119.13	56.56	7.38	0.00	63.94	55.19	55.10
B. INTANGIBLE ASSETS										
TECHNICAL KNOW-HOW	177.99	5.33	0.00	183.32	7.75	18.10	0.00	25.85	157.47	170.24
COMPUTER SOFTWARE	10.89	0.00	0.00	10.89	1.58	2.18	0.00	3.76	7.13	9.31
	74233.81	533.31	129.00	74638.12	21571.33	3361.25	99.92	24832.66	49805.46	52662.48
CAPITAL WORK-IN-PROGRESS - AT COST										
- Advances - Unsecured - Considered Good									12.18	8.54
- Others									760.76	124.45
									<u>50578.40</u>	<u>52795.47</u>
Previous year	44547.09	29719.12	32.40	74233.81	18961.41	2628.86	18.94	21571.33	52795.47	50453.11

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2010	As at 31-3-2009
	Rs lakhs	Rs lakhs
SCHEDULE 'E' - INVESTMENTS		
LONG TERM INVESTMENTS		
NON-TRADE		
IN SHARES - FULLY PAID :		
<i>Quoted :</i>		
53 166 Equity Shares of Rs 10 each in Housing Development Finance Corporation Limited	7.09	7.09
500 Equity Shares of Rs 10 each in HDFC Bank Limited	0.05	0.05
1 14 080 Equity Shares of Rs 10 each in Industrial Development Bank of India Limited	91.07	91.07
2 82 911 Equity Shares of Rs 10 each in High Energy Batteries (India) Limited		
As per last Balance Sheet (No. of shares 82911)	187.15	187.15
Add : Subscription to the Rights issue	<u>200.00</u>	<u>0.00</u>
	387.15	187.15
<i>Unquoted :</i>		
50 000 Equity Shares of Rs 10 each in Agri Development Finance (Tamilnadu) Limited	5.00	5.00
TRADE		
IN SHARES - FULLY PAID :		
<i>Quoted :</i>		
17 85 260 Equity Shares of Rs 10 each in Ponni Sugars (Erode) Limited	415.58	415.58
1 00 000 Equity Shares of Rs 10 each in Tamilnadu Newsprint and Papers Limited	<u>106.70</u>	<u>106.70</u>
Carried over	1012.64	812.64

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2010
Rs lakhs

As at
31-3-2009
Rs lakhs

SCHEDULE 'E' - INVESTMENTS (Contd.)

LONG TERM INVESTMENTS

Brought forward	1012.64	812.64
-----------------	---------	--------

TRADE

IN SHARES - FULLY PAID (Contd.) :

Unquoted :

4 100 Equity Shares of Rs 10 each in ESVIN Advanced Technologies Limited	0.41	0.41
50 000 Equity Shares of Rs 10 each in SPB Projects and Consultancy Limited	5.00	5.00
10 000 Equity Shares of Rs 10 each in OPG Energy Private Limited	1.00	1.00
	<u>1019.05</u>	<u>819.05</u>

Notes :

1 Investment in M/s Ponni Sugars (Erode) Limited, includes 4 00 000 Equity Shares of Rs 10 each which are subject to a lock-in period of three years upto July 19, 2011.

	Cost Rs lakhs	Market Value Rs lakhs
Aggregate amount of :		
Quoted Investments	1007.64	3891.51
Unquoted Investments	11.41	-

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2010 Rs lakhs	As at 31-3-2009 Rs lakhs
SCHEDULE 'F' - INVENTORIES		
Raw materials	2196.62	3338.78
Stores, Spares, Chemicals and others	2262.22	3173.10
Stock-in-Trade	0.00	0.00
Stock-in-Process	322.13	332.68
	<u>4780.97</u>	<u>6844.56</u>

SCHEDULE 'G' - SUNDRY DEBTORS

SECURED - CONSIDERED GOOD :

Exceeding six months	98.35	32.90
Other debts	1207.25	1008.89

UNSECURED - CONSIDERED GOOD :

Exceeding six months	6.51	2.37
Other debts	3185.13	3858.99

(Net of Rs 117.42 lakhs (Previous year Rs 117.42 lakhs)
being the debts considered doubtful and provided for)

	<u>4497.24</u>	<u>4903.15</u>
--	----------------	----------------

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2010	As at 31-3-2009
	Rs lakhs	Rs lakhs
SCHEDULE 'H' - CASH AND BANK BALANCES		
CASH BALANCE :		
Cash on hand	7.86	15.27
BANK BALANCES :		
WITH SCHEDULED BANKS :		
In Current Accounts	730.75	668.93
In Unclaimed Dividend Accounts	48.72	43.85
In Deposit Accounts	<u>8380.89</u> *	<u>5712.89</u> *
	9160.36	6425.67
* (Includes Rs 0.39 lakhs, pledged with State Government Department, as Security)		
	<u>9168.22</u>	<u>6440.94</u>

SCHEDULE 'I' - LOANS AND ADVANCES

ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED - UNSECURED - CONSIDERED GOOD :

Deposits	292.25	288.12
Inter Corporate Loans	50.00	100.00
Prepaid expenses	194.45	152.29
Balances in Current Account with Central Excise Department and Port Trust	44.59	53.73
Tax payments pending adjustments	915.60	520.77
MAT Credit Entitlement	1353.00	349.00
Others	1413.07	1593.41
	<u>4262.96</u>	<u>3057.32</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2010 Rs lakhs	As at 31-3-2009 Rs lakhs	As at 31-3-2009 Rs lakhs
SCHEDULE 'J' - CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES :			
Acceptances	1599.83		3448.98
Sundry Creditors			
- Total outstanding dues of Micro Enterprises and Small Enterprises	56.58		0.00
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises (Please refer Note No. 9 of Schedule 'T')	<u>7015.29</u>		<u>6869.70</u>
	7071.87		6869.70
Investor Education and Protection Fund shall be credited by the following amounts, namely			
- Unclaimed Dividend (due at the end of the year - Nil)	48.72		43.85
Security Deposit from Distributors	1000.61		981.61
Interest accrued but not due on loans	75.51		14.00
	<u>9796.54</u>		<u>11358.14</u>
PROVISIONS :			
Proposed Dividend	675.00		393.75
Provision for Tax on Dividend	112.11		66.92
	<u>787.11</u>		<u>460.67</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2010		Year ended 31-3-2009	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'K' - OTHER INCOME				
Interest		742.18		908.68
(Tax deducted at source - Rs 58.22 lakhs)				
(Previous year - Rs 183.19 lakhs)				
Income from Investments				
From Long Term Investments				
(i) Non Trade Investments				
- Dividends		21.75		13.31
(ii) Trade Investments				
- Dividends		50.38		17.69
Rent		5.11		5.09
Profit on sale of assets (Net)		0.00		0.34
Miscellaneous receipts		53.57		46.78
		<u>872.99</u>		<u>991.89</u>

SCHEDULE 'L' - INCREASE / (DECREASE) IN STOCK-IN-TRADE				
Closing stock		0.00		0.00
Less : Opening stock		0.00		0.00
		<u>0.00</u>		<u>0.00</u>

SCHEDULE 'M' - MATERIALS CONSUMED				
RAW MATERIALS CONSUMED				
Opening Stock		3338.78		4326.66
Add : Purchases, including procurement expenses		10616.95		15841.90
		<u>13955.73</u>		<u>20168.56</u>
Less : Closing Stock		2196.62		3338.78
		<u>11759.11</u>		<u>16829.78</u>
Add : Feeding and other charges		384.14		319.83
		<u>12143.25</u>		<u>17149.61</u>
STORES, SPARES AND CHEMICALS CONSUMED				
		9599.93		8668.85
		<u>21743.18</u>		<u>25818.46</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2010		Year ended 31-3-2009	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'N' - EMPLOYEES' COST				
Salaries, Wages, Bonus and Commission		2617.91		2434.61
Contribution to :				
- Employees' Provident Fund, including administrative charges	231.52		207.59	
- Employees' State Insurance Scheme	10.38		25.00	
- Employees' Group Gratuity-cum- Life Assurance Trust	156.56		165.66	
- Superannuation Fund	7.20		6.30	
- Group Insurance Scheme	4.35		4.20	
		410.01		408.75
Welfare expenses		370.84		340.94
		3398.76		3184.30

SCHEDULE 'O' - REPAIRS AND MAINTENANCE

Buildings	194.50	236.40
Machinery	1439.46	1212.31
Others	102.70	97.82
	1736.66	1546.53

SCHEDULE 'P' - SELLING AND DISTRIBUTION EXPENSES

Distributors' commission	410.73	589.12
Packing and delivery charges	2102.34	2189.72
Cash Discount	965.66	965.41
	3478.73	3744.25

SESHASAYEE PAPER AND BOARDS LIMITED

Year ended
31-3-2010
Rs lakhs

Year ended
31-3-2009
Rs lakhs

SCHEDULE 'Q' - OTHER EXPENSES

Rent	69.70	63.26
Rates, taxes and licence fees	126.33	130.74
Insurance	165.84	140.41
Directors' sitting fees	4.75	3.00
Auditors' Remuneration	9.67	9.47
Conversion charges	79.09	11.14
Office and other expenses	526.87	525.36
Miscellaneous expenses	323.56	218.85
Exchange difference on Foreign Currency Loans	0.00	1079.32
Assets discarded	23.04	11.94
Loss on sale of assets	0.16	0.00
	<u>1329.01</u>	<u>2193.49</u>

SCHEDULE 'R' - DECREASE / (INCREASE) IN STOCK-IN-PROCESS

Closing Stock	322.13	332.68
Less : Opening Stock	332.68	641.60
	<u>10.55</u>	<u>308.92</u>

SCHEDULE 'S' - INTEREST AND FINANCING CHARGES

Interest on		
- Fixed Loans	2275.29	1930.43
- Others	564.30	678.49
	<u>2839.59</u>	<u>2608.92</u>

SCHEDULE 'T' – Notes forming part of the Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended 31st March 2010.

1 SIGNIFICANT ACCOUNTING POLICIES

a) General

The Financial Statements have been prepared on the historical cost convention and in accordance with Generally Accepted Accounting Principles and complying with the applicable Accounting Standards.

b) Fixed Assets

Fixed Assets are stated at cost. Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses during construction period, net of any income earned.

c) Investments

Long term Investments are stated at cost.

Current Investments are stated at the lower of cost and fair value.

Any diminution in the value of long term investments is charged off, only if, such a decline is other than temporary, in the opinion of the Management.

d) Inventories

Inventories are valued at lower of cost and net realisable value.

Stocks of Raw materials, Stores, Spares and Chemicals are valued at cost on weighted average basis. Cost includes, taxes and duties (other than duties and taxes for which CENVAT / VAT credit is available), freight and other direct expenses.

For valuation of Stock-in-Trade / Stock-in-Process, cost includes material, direct labour, overheads (other than selling and administrative overheads), Excise Duty and Education Cess, wherever applicable.

e) Government Grants

Government Grants in the nature of Capital Subsidies are credited to Capital Reserve and treated as part of Shareholders' Funds.

f) Borrowing Costs

Borrowing costs (net of interest earned on temporary investment of those borrowings) directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets.

Other borrowing costs are recognised as expense as and when incurred.

g) Revenue and Expenditure Recognition

Revenue is recognised and expenditure is accounted for on their accrual.

Revenue involving :

- (a) Sale of goods is recognised on transfer of all significant risks and rewards of ownership to the customer.
- (b) Dividend income is recognised on establishment of the right to receive payment.
- (c) Other incomes are recognised when no significant uncertainty on measurability or collectability exists.

h) Intangible Assets

(i) General

Intangible assets are stated at cost less accumulated amortisation.

Computer Software is amortised at 20% on straight line basis over a period of five years.

Know-how is amortised at 10% on straight line basis over a period of ten years.

(ii) Research and Development

Expenditure on Research and Development is charged off as and when incurred.

i) Foreign Exchange Transactions

Transactions in foreign exchange are accounted at the rates prevailing on the date of transactions.

Foreign currency Liabilities / Assets at the close of the year are restated, adopting the year end rates. The resultant difference, if any, is suitably dealt with in the accounts.

Exchange difference, arising on forward contracts, is recognised as income or expense over the life of the contract.

Premium / discount arising on forward contracts are amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense for the period.

j) Employee Benefits

Short term employee benefits, in respect of leave salary, leave travel allowance and reimbursement of medical expenses, the liability has been fully provided on undiscounted basis, in accordance with the Schemes in force.

The contribution to Provident Fund (defined contribution plan), as per the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, is recognised as expense and remitted to the Provident Fund Commissioner. The contribution to Superannuation Fund (defined contribution plan) is recognised as expense and funded with Life Insurance Corporation of India.

The Company's liability towards retirement benefits, in the form of gratuity and other retirement benefits (defined benefit plans) is worked out on actuarial basis at the end of the year and is provided.

Actuarial gain / loss is recognised in the Profit and Loss Statement.

k) Depreciation

Depreciation has been provided on Straight Line Method, in accordance with the provisions of The Companies Act, 1956, at the rates prescribed in Schedule XIV to the Act.

l) Impairment of Assets

Impairment loss, if any, is provided to the extent the carrying amount of the assets exceeds their recoverable amount.

m) Provisions

Provision is recognised in respect of present obligation requiring settlement by outflow of resources and of which a reliable estimate on the amount of obligation could be made.

n) Lease

Assets given under finance lease are recognised at the amount equal to net investment in the lease and the finance income is recognised based on rate of return on the net investment of such finance lease.

Lease payments on assets taken on lease are recognised as an expense on a straight line basis over the lease term.

2 Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in :

	Current year Rs lakhs	Upto 31 03 2010 Rs lakhs
- Depreciation	1987.37	8638.99
- Others	(-) 9.37	85.51
- Total	1978.00	8724.50

3 Paper is the only reportable segment of operation of the Company.

4 Figures for the previous year have been re-grouped, wherever necessary, to conform to current year's classification.

5 Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards) Rules, 2006 :

	Group Gratuity scheme		Retirement Benefit scheme	
	31-3-2010 Rs lakhs	31-3-2009 Rs lakhs	31-3-2010 Rs lakhs	31-3-2009 Rs lakhs
(i) Changes in present value of obligations				
Present Value of Obligations at the beginning of the year	1019.33	971.32	92.61	103.10
Interest Cost	79.35	75.90	6.14	6.37
Current Service Cost	45.86	44.14	6.27	5.35
Benefits paid	96.58	195.96	9.67	24.19
Actuarial (Gain) / Loss on obligations	119.33	123.93	13.50	1.98
Present Value of Obligations at the end of the year	1167.29	1019.33	108.85	92.61
(ii) Changes in the Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning of the year	1019.33	971.44	0.00	0.00
Expected Return on Plan Assets	91.90	78.87	0.00	0.00
Contributions	152.64	164.98	9.67	24.19
Benefits paid	96.58	195.96	9.67	24.19
Actuarial (Gain) / Loss on Plan Assets	0.00	0.00	0.00	0.00
Fair Value of Plan Assets at the end of the year	1167.29	1019.33	0.00	0.00

SESHASAYEE PAPER AND BOARDS LIMITED

	Group Gratuity scheme		Retirement Benefit scheme	
	31-3-2010 Rs lakhs	31-3-2009 Rs lakhs	31-3-2010 Rs lakhs	31-3-2009 Rs lakhs
(iii) Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning of the year	1019.33	971.44	0.00	0.00
Actual Return on Plan Assets	91.90	78.87	0.00	0.00
Contributions	152.64	164.98	9.67	24.19
Benefits paid	96.58	195.96	9.67	24.19
Fair Value of Plan Assets at the end of the year	1167.29	1019.33	0.00	0.00
Funded Status	0.00	0.00	0.00	0.00
Excess of Actual over estimated return on Plan Assets	0.00	0.00	0.00	0.00
(iv) Actuarial Gain / Loss recognised				
Actuarial Gain / (Loss) for the year - Obligation	(-) 119.33	(-) 123.93	(-) 13.50	(-) 1.98
Actuarial Gain / (Loss) for the year - Plan Assets	0.00	0.00	0.00	0.00
Total (Gain) / Loss for the year	119.33	123.93	13.50	1.98
Actuarial (Gain) / Loss recognised in the year	119.33	123.93	13.50	1.98
(v) Amounts to be recognised in the Balance Sheet and statement of Profit and Loss				
Present Value of Obligations at the end of the year	1167.29	1019.33	108.85	92.61
Fair Value of Plan Assets at the end of the year	1167.29	1019.33	0.00	0.00
Funded Status	0.00	0.00	0.00	0.00
Net Asset / (Liability) recognised in Balance Sheet	0.00	0.00	(-) 108.85	(-) 92.61
(vi) Expenses recognised in the statement of Profit and Loss				
Current Service Cost	45.86	44.14	6.27	5.35
Interest Cost	79.35	75.90	6.14	6.37
Expected Return on Plan Assets	91.90	78.87	0.00	0.00
Net Actuarial (Gain) / Loss recognised in the year	119.33	123.93	13.50	1.98
Expenses recognised in the statement of Profit and Loss	152.31	165.10	25.91	13.70
(vii) Actuarial Assumptions				
Discount Rate	8.00%	8.00%	8.00%	7.00%
Expected return on Plan Assets	9.30%	9.30%	Not applicable	Not applicable
Salary increase	3.00%	3.00%	Not applicable	Not applicable

SESHASAYEE PAPER AND BOARDS LIMITED

	Group Gratuity Scheme			Retirement Benefit Scheme		
	31-3-2010	31-3-2009	31-3-2008	31-3-2010	31-3-2009	31-3-2008
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
(viii) Experience Adjustments						
Present value of obligation	1167.29	1019.33	971.32	108.85	92.61	103.10
Plan Assets	1167.29	1019.33	971.44	0.00	0.00	0.00
Surplus / (Deficit)	0.00	0.00	0.12	(-) 108.85	(-) 92.61	(-) 103.10
Experience adjustments on Plan Liabilities - (Loss) / Gain	119.33	123.93	399.47	(-) 17.13	2.03	0.05
Experience adjustments on Plan Assets - (Loss) / Gain	0.00	0.00	0.00	0.00	0.00	0.00
				31-3-2010		31-3-2009
				Rs lakhs		Rs lakhs
6 Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of advances).				99.46		239.44
7 Claims against the Company not acknowledged as debts.				938.32		399.70
8 Contingent liabilities on account of Guarantees given by Banks on behalf of the Company.				37.36		45.77
9 The Company calls for information from all suppliers with regard to their registration with the specified authority under the Micro, Small and Medium Enterprises Development Act, 2006. The Company has a policy of paying the dues within the generally prescribed credit terms.						
The disclosure requirement as required under the Companies Act, 1956 is as follows :						
Principal amount due as on March 31				56.58		0
Interest due and unpaid on the above as on March 31				0		0
Interest paid				0		0
Interest due and payable				0		0
Interest accrued and remaining unpaid as on March 31				0		0
Amount of further interest remaining due and payable in the succeeding years				0		0
10 Exchange difference arising on foreign currency transactions credited / (debited) to respective revenue accounts.				(-) 17.85		(-) 2660.27

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2010	31-3-2009
	Rs lakhs	Rs lakhs
11 Plant and Machinery on Lease to Others under Schedule 'D'- Fixed Assets, represent assets acquired and given on lease prior to 2001 whose primary lease period was also over during 2001.		
In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been obtained.		
All lease agreements are cancellable at the option of the Company.		
12 The following expenditure incurred on Research and Development has been included under the respective heads :		
(a) Salaries, Wages and Bonus	15.62	13.66
(b) Contribution to Provident and other Funds	2.54	2.27
(c) Welfare expenses	0.78	0.67
(d) Miscellaneous expenses	6.99	6.39
13 Auditors' Remuneration :		
(i) Audit	6.00	6.00
Taxation matters	0.70	0.70
Certification	2.11	2.02
Expenses	0.04	0.05
(ii) Cost Audit	0.60	0.60
Expenses	0.22	0.10
	9.67	9.47
14 (a) Managerial remuneration under Section 198 of the Companies Act, 1956 :		
(i) Directors' sitting fees (no sitting fee was paid to Whole-time Directors, including Chairman and Managing Director)	4.75	3.00
(ii) Commission to Non Whole-time Directors (included in Schedule 'Q')	6.83	5.92
(iii) Remuneration to Whole-time Directors, including Chairman and Managing Director (included in Schedule 'N')		
Salary	48.00	42.00
Commission	48.00	42.00
Contribution to :		
(i) Provident Fund	5.76	5.04
(ii) Superannuation Fund	7.20	6.30
(iii) Gratuity Fund	4.23	4.39
Other Perquisites	1.90	3.21
	115.09	102.94

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2010		31-3-2009	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
(b) Computation of net profit in accordance with Sections 198 and 309 of the Companies Act, 1956, and the Commission payable to Directors :				
Net Profit before taxation		5970.96		2390.73
Add : Remuneration to Whole-time Directors	115.09		102.94	
Commission to Non Whole-time Directors	6.83		5.92	
Directors' Sitting Fees	4.75		3.00	
		<u>126.67</u>		111.86
		<u>6097.63</u>		<u>2502.59</u>
Ten percent of the Net Profit		609.76		250.26
- Commission to Whole-time Directors		48.00		42.00
One percent of the Net Profit		60.98		25.03
- Commission to Non Whole-time Directors		6.83		5.92
15 Information required by Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 :				
		tonnes		tonnes
(a) Capacity and Production :				
Paper and Paper Boards :				
Licensed capacity (Paper industry is exempt from Industrial Licensing)				
Installed capacity (60000 tonnes at an average basis weight of 150 gsm and 55000 tonnes, at an average basis weight of 60 gsm)		115000		115000
Actual Production		117989		119779

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2010		31-3-2009	
	Quantity tonnes	Value Rs lakhs	Quantity tonnes	Value Rs lakhs
(b) Turnover :				
Paper and Paper Boards :	117688	51438.61	119152	54919.75
(value includes Duty Entitlements on exports) [Excludes 301 tonnes used for manufacture of cores, notebooks, trade samples, labels, stationery, etc., and used as wrapper (Previous year 627 tonnes)]				
Others		<u>1458.62 *</u>		<u>1196.19</u>
		<u>52897.23</u>		<u>56115.94</u>
* includes bought and sold :				
(i) Paper - 599 tonnes - value Rs 264.93 lakhs (Previous year 244 tonnes - value Rs 125.03 lakhs)				
(ii) Petroleum Products - Rs 1193.69 lakhs (Previous year - Rs 955.49 lakhs)				
(c) Opening and closing stock of goods :				
Opening Stock				
Paper and Paper Boards	0	0.00	0	0.00
Closing Stock				
Paper and Paper Boards	0	0.00	0	0.00
(d) Raw materials consumed :				
Wood (BD)	192291	9236.17	163205	7892.02
Bagasse (BD)	60650	1760.52	63065	1593.11
Purchased Pulp	2221	762.42	18004	7322.80
Waste paper cuttings	0	0.00	112	21.85
		<u>11759.11</u>		<u>16829.78</u>
	Rs lakhs	%	Rs lakhs	%
(e) Value of imported / indigenous Raw Material / Stores, Spares and Chemicals consumed :				
Raw Materials :				
Imported	762.43	6.48	7322.80	43.51
Indigenous	10996.68	93.52	9506.98	56.49
Total	<u>11759.11</u>	<u>100.00</u>	<u>16829.78</u>	<u>100.00</u>
Stores, Spares and Chemicals :				
Imported	6679.28	41.67	6596.68	39.93
Indigenous	9348.73	58.33	9924.67	60.07
Total	<u>16028.01</u>	<u>100.00</u>	<u>16521.35</u>	<u>100.00</u>
[includes consumption of coal and other fuels Rs 6731.41 lakhs under Power and Fuel (previous year Rs 8063.53 lakhs), consumption of spares Rs 1108.17 lakhs, under Repairs and Maintenance (Previous year Rs 910.12 lakhs) and excluding traded goods Rs 1411.50 lakhs (Previous year Rs 1121.15 lakhs)]				

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2010 Rs lakhs	31-3-2009 Rs lakhs
(f) Value of imports calculated on CIF basis :		
Raw materials	170.32	4723.40
Stores, Spares and Chemicals	5404.30	7399.86
Capital Goods	243.61	301.31
(g) Expenditure in foreign currencies :		
Travel	2.11	0.99
Export Commission	32.56	51.85
Others	14.72	26.27
(h) Amounts remitted in foreign currencies :		
Dividends	54.17	61.91
No. of Non-resident shareholders	1	1
No. of shares held	1547695	1547695
(i) Earnings in foreign exchange :		
Export of goods on FOB basis	2265.33	2450.14
Others	0.00	0.00

16 Disclosure of Related Party transactions, as required under Accounting Standard (AS) 18 of The Companies (Accounting Standards) Rules, 2006 :

(i) Name of the transacting Related Parties :

- ◇ Sri N Gopalaratnam, Chairman and Managing Director of the Company
- ◇ Ponni Sugars (Erode) Limited (PEL)
- ◇ High Energy Batteries (India) Limited (HEB)
- ◇ SPB Projects and Consultancy Limited (SPB-PC)
- ◇ Time Square Investments Private Limited (TSI)
- ◇ Sri K S Kasi Viswanathan, Deputy Managing Director
- ◇ Sri V Pichai, Director (Finance) & Secretary

(ii) A description of the relationship between the parties :

Presumption of significant influence.

SESHASAYEE PAPER AND BOARDS LIMITED

(iii) Transaction details :

Sl No.	Name of the related party	Description of transactions and amount during the year		Amount outstanding on 31-3-2010
			Rs lakhs	
1	Ponni Sugars (Erode) Limited	Purchase of Bagasse Purchase of Sugar Sale of fuel Sale of machinery spares Sale of Paper Dividend paid Dividend received Other transactions (Net Debit)	1945.27 6.43 1436.63 12.49 1.66 42.00 44.63 53.53	Assets : Investments in : 17.85 lakhs Equity Shares (20.77%) Liabilities : 12 lakhs Equity Shares (10.67%) Payables : Rs 158.71 lakhs
2	High Energy Batteries (India) Limited	Subscription to Rights Issue Sale of paper Dividend paid Dividend received Interest received Other transactions (Net Debit)	200.00 0.33 0.36 2.90 6.90 1.38	Assets : Investments in : 2.83 lakhs Equity Shares (15.78%) Receivables : Rs 50.51 lakhs Liabilities : 0.10 lakhs Equity Shares (0.09%)
3	SPB Projects and Consultancy Limited	Reimbursement of expenses Dividend received	0.02 1.25	Assets : Investments in : 0.50 lakhs Equity Shares (16.67%)
4	Time Square Investments Private Limited	Dividend Paid	41.03	Liabilities : 11.72 lakhs Equity Shares (10.42%)

SESHASAYEE PAPER AND BOARDS LIMITED

Remuneration paid to Chairman and Managing Director and other Whole-time Directors :

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
	Rs lakhs		
Salary	24.00	12.00	12.00
Commission	24.00	12.00	12.00
Contribution to :			
(i) Provident Fund	2.88	1.44	1.44
(ii) Superannuation Fund	3.60	1.80	1.80
(iii) Gratuity Fund	2.11	1.06	1.06
Other Perquisites	0.05	0.22	1.62
	56.64	28.52	29.92

SESHASAYEE PAPER AND BOARDS LIMITED

17 Additional information as per Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration details

Registration No.

1	8	1	-	3	6	4
---	---	---	---	---	---	---

 of 1960 State Code

1	8
---	---

Balance Sheet date

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date Month Year

II Capital raised during the year (amount in Rs thousands)

Public issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Rights issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Bonus issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Private placement

			N	I	L				
--	--	--	---	---	---	--	--	--	--

III Position of mobilisation and deployment of funds (amount in Rs thousands)

Total Liabilities

			7	4	3	0	6	8	4
--	--	--	---	---	---	---	---	---	---

Total Assets

			7	4	3	0	6	8	4
--	--	--	---	---	---	---	---	---	---

Sources of Funds :

Paid up Capital

			1	1	2	5	0	0	
--	--	--	---	---	---	---	---	---	--

Reserves and Surplus

			2	1	3	3	3	8	0
--	--	--	---	---	---	---	---	---	---

Deferred Tax

			8	7	2	4	5	0	
--	--	--	---	---	---	---	---	---	--

Secured Loans

			2	8	8	8	2	7	5
--	--	--	---	---	---	---	---	---	---

Unsecured Loans

			3	6	5	7	1	4	
--	--	--	---	---	---	---	---	---	--

Current Liabilities and Provisions

			1	0	5	8	3	6	5
--	--	--	---	---	---	---	---	---	---

Application of Funds :

Net Fixed Assets

			5	0	5	7	8	4	0
--	--	--	---	---	---	---	---	---	---

Investments

			1	0	1	9	0	5	
--	--	--	---	---	---	---	---	---	--

Current Assets

			2	2	7	0	9	3	9
--	--	--	---	---	---	---	---	---	---

Miscellaneous Expenditure

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Accumulated Losses

			N	I	L				
--	--	--	---	---	---	--	--	--	--

SESHASAYEE PAPER AND BOARDS LIMITED

IV Performance of Company (amount in Rs thousands)

Turnover								Total expenditure											
		5	3	7	7	0	2	2			4	7	7	9	9	2	6		
+ - Profit / Loss before tax								+ - Profit / Loss after tax											
+			5	9	7	0	9	6	+		3	9	9	2	9	6			
Earnings per share in Rs								Dividend rate%											
<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px; text-align: center;">3</td> <td style="width: 20px; height: 20px; text-align: center;">5</td> </tr> </table>								3	5	<table border="1" style="margin: auto; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px; text-align: center;">6</td> <td style="width: 20px; height: 20px; text-align: center;">0</td> </tr> </table>								6	0
3	5																		
6	0																		

V Generic names of three principal products / services of Company

Item code No. (ITC code)	4 8 0 2 0 0 0 0 0
Product description	U n c o a t e d P a p e r a n d P a p e r B o a r d s u s e d f o r W r i t i n g a n d P r i n t i n g
Item code No. (ITC code)	4 8 0 4 0 0 0 0 0
Product description	U n c o a t e d K r a f t P a p e r a n d P a p e r B o a r d s i n S h e e t s o r R o l l s
Item code No. (ITC code)	4 8 0 5 0 0 0 0 0
Product description	O t h e r U n c o a t e d P a p e r a n d P a p e r B o a r d s i n S h e e t s o r R o l l s

Vide our report of date attached

For SURI & CO.,
Firm Regn. No. 004283S
S Swaminathan
Membership No.20583
Partner
Chartered Accountants

For Messrs S VISWANATHAN
Firm Regn. No. 004770S
Chella K Srinivasan
Membership No.23305
Partner
Chartered Accountants

N GOPALARATNAM
Chairman and
Managing Director

V PICHAI
Director (Finance) &
Secretary

ARUN G BIJUR
R V GUPTA
Dr S NARAYAN
V SRIDAR
Directors

K S KASI VISWANATHAN
Deputy Managing Director

Chennai
May 29, 2010

SESHASAYEE PAPER AND BOARDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

	Year ended 31-3-2010		Year ended 31-3-2009	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation		5970.96		2390.73
Adjustments for :				
<i>Add :</i>				
Assets discarded	23.04		11.94	
Depreciation	3361.25		2628.86	
Interest and financing charges	2197.93		1750.99	
		<u>5582.22</u>		<u>4391.79</u>
		<u>11553.18</u>		<u>6782.52</u>
<i>Less :</i>				
Income from Non-Trade Investments	21.75		13.31	
Profit / Loss on sale of assets	- 0.16		0.34	
Effect of changes in Foreign Currency Exchange Rate	- 17.85		- 2660.27	
		<u>3.74</u>		<u>- 2646.62</u>
Operating profit before working capital changes		<u>11549.44</u>		<u>9429.14</u>
Increase / Decrease in working capital :				
Increase / Decrease in Inventories	2063.58		207.56	
Increase / Decrease in Sundry Debtors	398.27		101.44	
Increase / Decrease in Other Current Assets	- 1311.46		480.44	
Increase / Decrease in Liabilities and Provisions	- 1622.97		- 6291.73	
		<u>- 472.58</u>		<u>- 5502.29</u>
Net cash from operating activities		<u>11076.86</u>		<u>3926.85</u>
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		- 1173.27		- 3941.71
Value of discarded assets		- 23.04		- 11.94
Sale / reduction in value of fixed assets		28.92		13.80
Income from Non Trade Investments		21.75		13.31
Purchase of Investments		- 200.00		0.00
Net cash used in investing activities		<u>- 1345.64</u>		<u>- 3926.54</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2010 Rs lakhs	Year ended 31-3-2009 Rs lakhs
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Unsecured Loan	312.62	378.55
Increase in Term Loans	0.00	3000.00
Repayment of Term Loans	- 5904.88	- 3920.70
Increase / Decrease in Working Capital Borrowings	1105.51	3492.75
Dividend and Dividend tax paid	- 460.67	- 526.48
Effect of changes in foreign currency exchange rates	0.00	- 1079.32
Interest and Financing charges paid	- 2056.52	- 2949.81
Net cash from financing activities	- 7003.94	- 1605.01
Net Increase in cash and cash equivalents (I)	2727.28	- 1604.70
Cash and cash equivalents as at 31-3-2009 (II)	6440.94	8045.64
Cash and cash equivalents as at 31-3-2010 (I + II)	9168.22	6440.94

Notes :

- 1 Cash and cash equivalents represent cash in hand and cash with Scheduled Banks.
- 2 Cash from operating activities has been prepared following the indirect method.
- 3 Tax payments (including tax deducted at source) of Rs 892.72 lakhs (Previous year - Rs 417.56 lakhs) are included in operating activities.
- 4 Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to Rs 10.21 lakhs (Credit) (Previous year - Rs 6.73 lakhs - Debit).
- 5 Figures for the previous year have been re-grouped wherever necessary.

<p style="text-align: center;">Vide our report of date attached</p> <p style="text-align: center;">For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.20583 Partner Chartered Accountants</p> <p>Chennai May 29, 2010</p>	<p style="text-align: center;">For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.23305 Partner Chartered Accountants</p>	<p style="text-align: center;">N GOPALARATNAM Chairman and Managing Director</p> <p style="text-align: center;">V PICHAI Director (Finance) & Secretary</p>	<p style="text-align: center;">ARUN G BIJUR R V GUPTA Dr S NARAYAN V SRIDAR Directors</p> <p style="text-align: center;">K S KASI VISWANATHAN Deputy Managing Director</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------