

# *Seshasayee Paper and Boards Limited*

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*Fifty Fourth Annual Report*

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*2013-14*

# SESHASAYEE PAPER AND BOARDS LIMITED

## DIRECTORS

Sri N GOPALARATNAM, *Chairman*

Sri ARUN G BIJUR

Sri BIMAL KUMAR PODDAR

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

Sri MOHAN VERGHESE CHUNKATH, I A S, *Nominee of  
Government of Tamilnadu*

Dr S NARAYAN, I A S (Retd.)

Mrs PHILOMINA THOMAS, *Nominee of LIC*

Sri S K PRABAKAR, I A S, *Nominee of TIIC*

Sri V SRIDAR

Sri K S KASI VISWANATHAN, *Managing Director*

Sri V PICHAI, *Deputy Managing Director & Secretary*

## AUDITORS

M/s SURI & CO., Chennai

Messrs S VISWANATHAN, Chennai

M/s MAHARAJ N R SURESH AND CO., Chennai

## COST AUDITOR

M/s S MAHADEVAN & CO., Coimbatore

## BANKS

SYNDICATE BANK

CANARA BANK

CENTRAL BANK OF INDIA

UCO BANK

## REGD. OFFICE


PALLIPALAYAM, CAUVERY RS PO,  
ERODE - 638 007, NAMAKKAL DISTRICT,  
TAMIL NADU



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## NOTICE

 Notice is hereby given that the Fifty Fourth Annual General Meeting of the Members of the Company will be held at the Community Centre, SPB Colony, Erode 638 010, on Friday, the July 25, 2014, at 10.15 AM, to transact the following business:

### ORDINARY BUSINESS

#### 1 Adoption of Accounts, etc.

To consider and adopt the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

#### 2 Declaration of Dividend

To declare a dividend.

#### 3 Re-appointment of retiring Director

To appoint a Director, in the place of Sri Bimal Kumar Poddar (DIN: 00031146) who retires by rotation and being eligible, offers himself for re-appointment.

#### 4 Appointment of Auditors

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

“RESOLVED THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board, the Company do hereby appoint the retiring Auditors of the Company as Statutory Auditors for a further period as under :

- (i) M/s Suri & Co., (Firm Registration No. 004283S), Chartered Accountants, Chennai and Messrs S Viswanathan, (Firm Registration No. 004770S), Chartered

Accountants, Chennai for a period of three years from the conclusion of this Annual General Meeting till the conclusion of the Fifty Seventh (57<sup>th</sup>) Annual General Meeting and

- (ii) M/s Maharaj N R Suresh and Co., (Firm Registration No. 001931S), Chartered Accountants, Chennai, for a period of four years from the conclusion of this Annual General Meeting till the conclusion of the Fifty Eighth (58<sup>th</sup>) Annual General Meeting.
- (iii) The appointment of Auditors as above shall be subject to ratification by Members at every Annual General Meeting in accordance with the first proviso to Section 139(1) of the Companies Act, 2013 or as may be amended or clarified by the Central Government from time to time.
- (iv) The Board of Directors be and are hereby authorised to fix their remuneration on the recommendations of the Audit Committee each year”.

### SPECIAL BUSINESS

#### 5 Appointment of Independent Directors

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

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Companies Act, 2013, Sri R V Gupta, IAS (Retd.) (DIN : 00017410) a Director of the Company who retires by rotation at this Annual General Meeting be and is hereby appointed as an Independent Director of the company to hold office for a fixed term from 25th July 2014 to 31st March 2019

co-terminus with the expiry of five consecutive years in office from the commencement of Section 149 of the Act.”

- 6 To consider and, if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Companies Act, 2013, Sri V Sridar (DIN : 02241339) a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation be and is hereby appointed as an Independent Director of the Company to hold office for a fixed term from 25th July 2014 to 31st March 2019 co-terminus with the expiry of five consecutive years in office from the commencement of Section 149 of the Act.”

- 7 To consider and, if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder [including any statutory modification(s) or re-enactment thereof for the time being in force] read with Schedule IV to the Companies Act, 2013, Dr S Narayan, IAS (Retd.) (DIN : 00094081) a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation be and is hereby appointed as an Independent Director of the Company to hold office for a fixed term from 25th July 2014 to 31st March

2019 co-terminus with the expiry of five consecutive years in office from the commencement of Section 149 of the Act.”

- 8 **Appointment of Sri N Gopalaratnam, as Chairman**

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Sri N Gopalaratnam (DIN: 00001945)) as Chairman of the Company with executive powers, for a period of 3 (three) years with effect from April 01, 2014, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include (the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri N Gopalaratnam, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

**9 Appointment of Sri K S Kasi Viswanathan, as Managing Director**

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Sri K S Kasi Viswanathan (DIN: 00003584) as Managing Director of the Company, for a period of 3 (three) years with effect from April 01, 2014, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include (the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Sri K S Kasi Viswanathan, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

**10 Appointment of Sri V Pichai, as Deputy Managing Director & Secretary**

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Sri V Pichai (DIN: 00263934) as Deputy Managing Director & Secretary of the Company, for a period of 3 (three) years with effect from April 01, 2014, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include (the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Sri V Pichai, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

**11 Remuneration to Cost Auditor**

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year 2014-15, be paid the remuneration as set out in the Statement annexed to the Notice convening this meeting.

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

## 12 Borrowing Powers

To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (which power the Board may exercise by delegation to a duly constituted Committee thereof) for borrowing moneys for the purpose of the business of the Company, from time to time, upon such terms and conditions as they think fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business) will exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves, provided that the total amount upto which money be borrowed by the Board of Directors, apart from the

temporary loans obtained from the Company’s Bankers in the ordinary course of business, shall not exceed ₹ 1000 crores (Rupees one thousand crores only).

RESOLVED FURTHER THAT the consent of the Members of the Company be and is hereby given to the Board of Directors for securing the repayment of the said borrowing, with interest, costs and other moneys in such manner as they may think fit and for that purpose to execute mortgages, charges and / or hypothecation in respect of the whole or any part of the properties and assets of the Company, both present and future and on such terms and conditions as the Board of Directors may think fit from time to time.”

## 13 Mortgage of Assets

To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include a duly constituted Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events, in favour of Banks / Financial Institutions and / or other Lenders / Investing Agencies / Trustees for Debentures / Bonds to secure borrowings from time to time provided that the aggregate of

borrowings so secured shall not exceed ₹ 1000 crores (Rupees one thousand crores only) outstanding at any time exclusive of interest, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of such borrowings.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised and empowered to finalise, settle and execute requisite agreements, documents, deeds, indemnities, guarantees, declarations or other legal undertakings and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid.”

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

(V PICHAI)  
Deputy Managing Director & Secretary

Chennai  
May 30, 2014

**Notes :**

- 1 The relative Statement, pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business set out under items 5-13, is annexed hereto.
- 2 For appointment of Directors, disclosure, as required under Clause 49 of the Listing Agreement is annexed hereto.
- 3 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.
- 4 **Proxies, in order to be effective, must be filed with the Company not later than 48 hours before the meeting.**
- 5 The Register of Members and Share Transfer Books will be closed from Thursday, the July 17, 2014, to Friday, the July 25, 2014 (both days inclusive).
- 6 Dividend, if declared, will be paid to the Members whose names appear on the Register of Members as on July 25, 2014 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.
- 7 Members holding shares in physical form are requested to notify, promptly, any change in their address, to the Registrar and Share Transfer Agents of the Company (RTA), 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.
- 8 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.
- 9 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, Trichy 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.
- 10 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 2005-06. The unpaid dividend for the financial year 2006-07 will be transferred to the above Fund during August 2014. Members are, therefore, requested to lodge their claims for unpaid dividend, if any, immediately with the Company.

- 11 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.
- 12 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.
- 13 For receiving Dividend through National Electronic Clearing Service (NECS), Members are requested to forward the Form attached to the Circular Letter, duly filled in, to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai or to their respective Depository Participants.
- 14 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.
- 15 The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" to allow paperless compliances by the corporate sector. MCA, by its Circular dated April 21, 2011, has now made permissible the service of documents through electronic mode to Shareholders.

To support the Green Initiative of the Government, it is proposed to send, henceforth, all Notices, Annual Report and other communications through e-mail. For the above purpose, we request you to send an e-mail confirmation to our designated ID mentioning your name, DP / Customer ID or Folio number and your e-mail ID for communication.

On this confirmation, we would, henceforth, send all Notices, Annual Report and other communications through e-mail. Copies of the said documents would be available in the Company's website for your access. You will at all times be entitled to receive, free of cost, hard copy (paper version) of Annual Report and other communications on specific request. You are also at liberty to change the instructions from time to time.

We request you to support the Green Initiative of the Government by opting for electronic mode of receiving our corporate communications.

- 16 E-voting option is provided to Members, pursuant to Section 108 of the Companies Act, 2013. Please read carefully the "Instructions for e-voting Process" given below. Cut-off Date for e-voting is 20th June 2014.

### 17 Instructions For e-voting

- 1 The Company is pleased to provide Members facility to exercise their right to vote at the Fifty Fourth Annual General Meeting (AGM) by electronic means in deference to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. This business would be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).
- 2 The instructions for e-Voting are as under :
  - A In case a Member receives an e-mail from NSDL [for Members whose e-mail IDs are registered with the Company / Depository Participant(s)] :
    - (i) Open the e-mail and open PDF file viz. "SPB e-voting.pdf" with your Client ID or Folio No. as Password. The said PDF file contains your User ID and Password for e-Voting. Please note that the Password is an initial password.

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- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder - Login.
- (iv) Put User ID and Password as initial Password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the Password / PIN with new Password of your choice with minimum 8 digits / characters or combination thereof. Note down the new password. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of Seshasayee Paper and Boards Limited.
- (viii) Now you are ready for e-Voting as Cast Vote page opens
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "vote cast successfully" will be displayed.
- (xi) Once you have voted on the Resolution(s), you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter, etc., together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail: [bksundaram@gmail.com](mailto:bksundaram@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

B In case a Member receives physical copy of the Notice of AGM (for Members whose e-mail IDs are not registered with the Company / Depository Participant(s) or requesting physical copy)

- (i) Initial Password is provided as below / at the bottom of the Attendance Slip for the AGM.

EVEN (E-Voting Event Number)	USER ID	PASSWORD / PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- 3 In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the "downloads" section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- 4 If you are already registered with NSDL for e-voting, then you can use your existing user ID and Password / PIN for casting your vote.
- 5 You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- 6 The e-Voting period commences on Saturday, the 19th July 2014, (09.00 AM) and ends on Monday, the 21st July 2014 (06.00 PM). During this period, Shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 20th June 2014, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a Resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently.
- 7 The voting rights of Shareholders shall be in proportion to their shares of the paid up Equity Share Capital of the Company as on the cut-off date of 20th June 2014.
- 8 Sri B Kalyanasundaram, Practicing Company Secretary (Membership No. 672) has been appointed as the Scrutiniser to scrutinize the e-Voting process in a fair and transparent manner.

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- 9 The Scrutiniser shall, within a period not exceeding three (3) working days from the conclusion of the e-Voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- 10 The results declared along with the Scrutiniser's Report shall be placed on the Company's website [www.spbltd.com](http://www.spbltd.com) and on the website of NSDL within two (2) days of passing of the Resolution(s) at the AGM of the Company and communicated to BSE Ltd. and National Stock Exchange of India Ltd.
- 11 For the convenience of the members, Attendance Slip is annexed to this notice. Members / Proxy Holders / Authorised Representative are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue.

(By Order of the Board)

For Seshasayee Paper and Boards Limited

(V PICHAI)

Deputy Managing Director & Secretary

Chennai  
May 30, 2014

## STATEMENT

(Pursuant to Section 102(1) of the Companies Act, 2013)

### Items 5 to 7

#### Appointment of Independent Directors

The Company has a total Board strength of 11 Directors. Other than the Managing Director and the Nominee of Tamilnadu Industrial Investment Corporation Limited (TIIC), remaining 9 Directors are liable to retire by rotation in accordance with Section 256 of the Companies Act, 1956. The Company was also in compliance with Clause 49 of the Listing Agreement by having 6 Independent Directors representing more than 50% of the total Board strength including the 3 Nominee Directors who were reckoned as Independent Directors. The details have been disclosed in the Corporate Governance Report of each year to the Shareholders.

With the coming into force of the Companies Act, 2013, our Company, being a listed Company, shall have at least one-third of the total number of Directors as Independent Directors. Clause 49 of the Listing Agreement continues to prescribe a higher ceiling of 50%, as applicable to our Company. With our total Board strength remaining unchanged at 11, we have to have a minimum of 6 Independent Directors to comply with 50% requirement of SEBI. Currently, we have 3 Independent Directors and the 3 Nominee Directors, earlier treated as Independent Directors, are no more Independent Directors, as per Section 149(6) of the Companies Act, 2013. To comply with this requirement, Section 149(5) provides time limit upto 31st March 2015.

Section 149(10) of the Companies Act, 2013 now mandates the appointment of Independent Director for a fixed tenure up to five consecutive

years. He shall be eligible for reappointment for one more term of five years on passing of a Special Resolution by the Company. For reckoning these ceilings, any tenure of Independent Director as on 1st April 2014 shall not be counted.

SEBI, by Circular dated April 17, 2014, has advised Stock Exchanges to amend Clause 49 of the Equity Listing Agreement with a view to align them with the new Company Law and in certain areas SEBI has imposed more stringent conditions as well. This *inter alia* deals with compliance of Section 149(5) before 1st October 2014.

In order that our Company ensures due compliance with the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement, it is intended to pass requisite Resolutions at this AGM for the appointment of 3 Independent Directors who are already on the Board. All the three existing Independent Directors of the Company qualify for being appointed as Independent Director for a tenure of five years from the commencement of Section 149. Accordingly, their appointments have been proposed for a fixed tenure from 25th July 2014 and ending with the close of 31st March 2019.

The Company has received Notices under Section 160 from Members proposing each of the candidature for being appointed as Independent Director, together with requisite deposit of ₹ one lakh. Details of Independent Directors proposed for appointment are furnished in the Annexure pursuant to Clause 49 of the Listing Agreement that forms an integral part of this Notice.

<b>Name of Independent Director</b>	<b>Date of first appointment</b>	<b>Date of last re-appointment</b>	<b>Proposed tenure</b>
Sri R V Gupta	26 09 2008	23 07 2011	25 07 2014 to 31 03 2019
Sri V Sridar	04 06 2009	28 07 2012	
Dr S Narayan	18 01 2007	27 07 2013	

The Company has received requisite declaration from each of the above, in deference to Section 149(7) that he meets the criteria of independence as provided in Section 149(6) of the Act. It is further confirmed that in the opinion of the Board each of the Independent Director proposed to be appointed as above fulfils the conditions specified in the Act and the Rules made thereunder and that the proposed Director is independent of the Management.

The Independent Directors would be eligible for Sitting Fee for attending the Board / Audit Committee / other Committee Meetings within the ceiling prescribed by the Act and as determined by the Shareholders and the Board. They would also be eligible for Commission out of the Net Profits of the Company within the limits permissible under Law and approved by Shareholders. They shall, however, not be entitled to any stock option. Details of remuneration are disclosed in the Corporate Governance Report to Shareholders each year.

The terms and conditions of appointment of Independent Director, as approved by the Board, are open for inspection by a member on any working day of the Company between 11.00 AM and 1.00 PM. This would also be posted on the Company's website.

No Director or Key Managerial Personnel or their relatives is interested in this item of business excepting the interest of each of the person above in his respective appointment as an Independent Director of the Company.

**Item No. 8**

**Appointment of Sri N Gopalaratnam, as Chairman**

The current term of Sri N Gopalaratnam, as Chairman and Managing Director expired on

31st March 2014. Sri N Gopalaratnam desired to shed his position as Managing Director and continue as Chairman with executive powers. The Board of Directors, at their meeting held on 22nd March 2014, accordingly, reappointed Sri N Gopalaratnam as Chairman of the Company with executive powers for a further period of three years from 1st April 2014 and approved the remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of Members in General Meeting:

**I Designation**

Chairman (with executive powers)

**II Remuneration**

(a) Salary

₹ 3 50 000 (₹ three lakhs and fifty thousands only) per month.

(b) Commission

Equivalent to 1% of the Net Profits of the Company, subject to a ceiling of an amount equal to annual salary.

**III Perquisites**

Perquisites shall be restricted to an amount equal to annual salary.

Contribution to Provident Fund, Superannuation Fund and Annuity Fund shall, however, be excluded in reckoning the said ceiling.

**IV Minimum Remuneration**

In the event of loss or inadequacy of profits in any financial year, Sri N Gopalaratnam shall be paid, a Special Allowance equal to 50% of Salary, in addition to Salary and Perquisites, as specified above. No Commission is payable in such a year.

### V General

In any event, the Salary, Perquisites and Special Allowance will be within the overall ceiling specified from time to time in the Companies Act, 1956 or the Companies Act, 2013 or any re-enactment thereof and as applicable from time to time.

Sri N Gopalaratnam was first appointed as the Managing Director of the Company in April 1988. He has completed his seven terms of three years each and the one term of five years as the Managing Director on March 31, 2014. On the passing away of Sri S Viswanathan, the Founder and the then Chairman in July 2001, he was appointed as Chairman and Managing Director from then onwards.

Sri Gopalaratnam assumed office as Managing Director when the Company's operations and financial position were not healthy. His able leadership, commitment and devotion brought back the Company to its good health. The turnaround to profitable operations was achieved in the financial year 1990-91 and then onwards the Company continues to be a Profit making Company. The Company resumed Dividend payment in the year 1992-93 and thereafter it has established un-interrupted dividend payment record, till now.

Under his stewardship, the Company completed successfully, in June 2000, a major Expansion / Modernisation programme costing nearly ₹ 190 crores, to increase the production capacity of the Mill from 60 000 tonnes per annum to 1 15 000 tonnes per annum, besides modernisation of some of the existing facilities. The Project was successfully implemented and commercial production commenced from July 1, 2000. The new Paper Machine stabilised early and is being operated to the full capacity.

Further, under the leadership of Sri Gopalaratnam, the Company established a 20 MW Captive Power Plant at a cost of ₹ 65 crores, to achieve economies in energy front. The Project was completed on time in March 2005 and the Company is enjoying the fruits of the Project by substantial savings in

energy costs. Currently, the Company is meeting nearly 100% of its Power requirements from the Captive Power Plant.

The Company embarked on a major Mill Development Plan, during 2006-07, at an estimated cost of ₹ 350 crores, to improve and sustain the environmental compliance of the Company in line with the Charter on Corporate Responsibility for Environmental Protection (CREP).

The Project envisaged total replacement of the existing Wood Pulping Equipment of the Mill which is more than 30 years old with a 350 tonnes per day used Pulp Mill from USA, equipped with advanced technological feature, like RDH Pulping, a new modern Chemical Recovery Boiler (in the place of existing two Chemical Recovery Boilers), a Black Liquor Evaporation Plant, a Lime Re-burning Kiln and a Turbo Alternator Set.

The erection and commissioning of all equipment under the Mill Development Plan was successfully completed in June 2008 and all the equipment are now under continuous operation.

In March 2011, under the leadership of Sri N Gopalaratnam, the Company acquired M/s Subburaj Papers Private Limited, a closed mill with a capacity of 60 000 tonnes per annum with scope for enhancing the production capacity to 90000 tonnes per annum. It was converted into a virgin pulp paper mill. After undertaking initial modifications and undertaking installation of balancing equipments, the mill stabilised its production operations and achieved full capacity utilisation in the third year of operation. The available de-inking facility is being revived to meet the shortage of pulp. The Company is also in the process of embarking on a Mill Development Plan with substantial capital outlay, both at Erode and Tirunelveli units to address some of the major short comings which come in the way of production and quality of paper.

Sri Gopalaratnam pioneered in securing ISO 9001 and ISO 14001 accreditations to the Company. Achievement of "Golden Export House" and "Two Star Export House" status for

the Company is commendable. Further, with his vision, the Company has launched “World Class Manufacturing” Programme, a unique concept of achieving enterprise excellence.

His flair for numbers, his untiring efforts to achieve cost reduction in all spheres, his ability in maintaining cordial relations with workforce, etc., are well known. Above all, urge for innovation, foresee changes and quick adaptability to such change, explore and experiment new things, either technical or otherwise, are his virtues.

At this critical juncture, the continued leadership and services of Sri Gopalaratnam are considered essential for sustained growth of the Company.

As part of re-organisation of the management set up, Sri Gopalaratnam desired to shed his position as Managing Director and continue as executive Chairman.

Accordingly, the Board of Directors, at their meeting held on March 22, 2014, appointed Sri Gopalaratnam as Chairman with executive powers for a further term of three years from April 1, 2014, taking into consideration the recommendations of the Nomination cum Remuneration Committee regarding the remuneration package and other terms and conditions set out in the Resolution and enumerated above.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013, which permits our Company to pay an overall remuneration, not exceeding 10% of the net profits in any year, to all its Whole-time Directors.

In the event of loss or inadequacy of profits in any financial year, Sri N Gopalaratnam shall be paid a Special Allowance not exceeding 50% of annual salary in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Schedule V to the Companies Act, 2013. No commission is payable in such a year.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration, including commission and the perquisites from time to time within the limits prescribed in Schedule V to the Companies Act, 2013 or any amendment or statutory modifications thereto.

In terms of Part III of Schedule V to the Companies Act, 2013, the appointment and remuneration as above shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval under item No. 8 in the Notice.

Sri N Gopalaratnam is liable to retire by rotation. He will continue to be the Director of the Company till his turn comes for retirement by rotation. He is eligible to seek re-election at the Annual General Meeting in which he retires by rotation.

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

No other Director, Key Managerial Personnel or their relatives, other than Sri N Gopalaratnam, are interested in this item of business.

#### **Item No. 9**

#### **Appointment of Sri K S Kasi Viswanathan, as Managing Director**

The current term of Sri K S Kasi Viswanathan, as Deputy Managing Director expired on 31st March 2014. With Sri N Gopalaratnam shedding his position as Managing Director, the Board of Directors at their meeting held on 22nd March 2014 found it appropriate to elevate and appoint Sri Kasi Viswanathan who was holding the position of Deputy Managing Director of the Company until the expiry of his term on March 31, 2014, as Managing Director of the Company for a period of three years from 1st April 2014 and approved the remuneration package on the recommendations of the

Nomination cum Remuneration Committee as under, subject to the approval of Members in General Meeting:

### I Designation

Managing Director

### II Remuneration

#### (a) Salary

₹ 3 00 000 (₹ three lakhs only) per month.

#### (b) Commission

Equivalent to 1% of the Net Profits of the Company, subject to a ceiling of an amount equal to annual salary.

### III Perquisites

Perquisites shall be restricted to an amount equal to annual salary.

Contribution to Provident Fund, Superannuation Fund and Annuity Fund shall, however, be excluded in reckoning the said ceiling.

### IV Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year, Sri K S Kasi Viswanathan shall be paid, a Special Allowance equal to 50% of Salary, in addition to Salary and Perquisites, as specified above. No Commission is payable in such a year.

### V General

In any event, the Salary, Perquisites and Special Allowance will be within the overall ceiling specified from time to time in the Companies Act, 1956 or the Companies Act 2013 or any re-enactment thereof and as applicable from time to time.

Sri K S Kasi Viswanathan was first inducted to the Board at the Board Meeting held on January 29, 2005. He was appointed as Director (Operations) and the tenure of his appointment was from January 29, 2005 to March 31, 2008. The said appointment and remuneration package, as determined by the Remuneration

Committee of the Board and the Board of Directors, were later approved by the Members of the Company at the Forty Fifth Annual General Meeting held on July 30, 2005.

He was re-appointed for a further term of three years from April 1, 2008 and was elevated as Deputy Managing Director. The said re-appointment and remuneration package, as determined by the Remuneration Committee of the Board and the Board of Directors, were later approved by the Members of the Company at the Forty Eighth Annual General Meeting held on July 26, 2008. Again he was reappointed as Deputy Managing Director for a term of three years from April 01, 2011. The said re-appointment and remuneration package, as determined by the Remuneration Committee of the Board and the Board of Directors, were later approved by the Members of the Company at the Fifty First Annual General Meeting held on July 23, 2011. He has completed his term as Deputy Managing Director on March 31, 2014.

Sri K S Kasi Viswanathan is a Chemical Engineer (B Tech. from the Regional Engineering College, Tiruchy) and MMS from University of Madras. Sri K S Kasi Viswanathan has to his credit nearly four decades of Industrial experience, majority of which has been spent in Seshasayee Paper 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 and its good financial performance.

He is the past President of the Indian Pulp and Paper Technical Association and current Chairman of the Technical and Environmental Sub-committee of the Indian Paper Makers Association. He is also the Chairman of CII's Paper Tech, an initiative to promote World Class Manufacture in Indian Paper manufacturing units. He is aged 63. As Deputy Managing Director, he is in charge of production operations, Project implementation and Human Resources Development. He was reporting to the Chairman and Managing Director.



In March 2011, the Company acquired M/s Subburaj Papers Private Limited, a closed mill with a capacity of 60 000 tonnes per annum. It was converted into a virgin pulp paper mill. After undertaking initial modifications and undertaking installation of balancing equipments, the mill stabilised its production operations and achieved full capacity utilisation in the third year of operation. The installed capacity of the machine provides scope for enhancing the production capacity to 90 000 tonnes. The available de-inking facility is being revived to meet the shortage of pulp. The Company is also in the process of embarking on a Mill Development Plan with substantial capital outlay, both at Erode and Tirunelveli units to address some of the major short comings which come in the way of production and quality of paper.

At this crucial juncture, the continued services of Sri K S Kasi Viswanathan are considered essential. It is also essential for the Company to have his continued services for its future growth.

Taking into consideration all the above facts, Sri N Gopalaratnam, the then Chairman and Managing Director had recommended his elevation as Managing Director to be in charge of the entire operations of the Company, both at Erode and at Tirunelveli.

The Board of Directors, at their meeting held on March 22, 2014, appointed Sri K S Kasi Viswanathan, as Managing Director for a further term of three years from April 1, 2014, taking into consideration the recommendations of the Nomination cum Remuneration Committee regarding the remuneration package and other terms and conditions set out in the Resolution and enumerated above.

Hitherto, the appointment of Sri K S Kasi Viswanathan, as Director on the Board of the Company was on the basis of his being liable to retire by rotation. As per Article 146-A(v) of the Articles of Association of the Company, as long as he continues as Managing Director, he is not liable to retire by rotation.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013, which permits our

Company to pay an overall remuneration, not exceeding 10% of the net profits in any year, to all its Whole-time Directors.

In the event of loss or inadequacy of profits in any financial year, Sri K S Kasi Viswanathan shall be paid a Special Allowance not exceeding 50% of annual salary in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Schedule V to the Companies Act, 2013. No commission is payable in such a year.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration, including commission and the perquisites from time to time within the limits prescribed in Schedule V to the Companies Act, 2013 or any amendment or statutory modifications thereto.

In terms of Part III of Schedule V to the Companies Act, 2013, the appointment and remuneration as above shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval under item No. 9 in the Notice.

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

No other Director, Key Managerial Personnel or their relatives, other than Sri K S Kasi Viswanathan, are interested in this item of business.

### **Item No. 10**

#### **Appointment of Sri V Pichai, as Deputy Managing Director & Secretary**

The current term of Sri V Pichai, as Director (Finance) & Secretary expired on 31st March 2014. The Board of Directors at their meeting held on 22nd March 2014 appointed Sri V Pichai as Deputy Managing Director & Secretary of the Company for a period of three years from 1st April 2014 and approved the

remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of Members in General Meeting:

**I Designation**

Deputy Managing Director & Secretary

**II Remuneration**

(a) Salary

₹ 3 00 000 (₹ three lakhs only) per month.

(b) Commission

Equivalent to 1% of the Net Profits of the Company, subject to a ceiling of an amount equal to annual salary.

**III Perquisites**

Perquisites shall be restricted to an amount equal to annual salary.

Contribution to Provident Fund, Superannuation Fund and Annuity Fund shall, however, be excluded in reckoning the said ceiling.

**IV Minimum Remuneration**

In the event of loss or inadequacy of profits in any financial year, Sri S V Pichai shall be paid, a Special Allowance equal to 50% of Salary, in addition to Salary and Perquisites, as specified above. No Commission is payable in such a year.

**V General**

In any event, the Salary, Perquisites and Special Allowance will be within the overall ceiling specified from time to time in the Companies Act, 1956 or the Companies Act 2013 or any re-enactment thereof and as applicable from time to time.

Sri V Pichai was first inducted to the Board at the Board Meeting held on January 29, 2005. He was appointed as Director (Finance) & Secretary and the tenure of his appointment was

from January 29, 2005 to March 31, 2008. The said appointment and remuneration package, as determined by the Remuneration Committee of the Board and the Board of Directors, were later approved by the Members of the Company at the Forty Fifth Annual General Meeting held on July 30, 2005.

He was re-appointed for a further term of three years from April 1, 2008. The said re-appointment and remuneration package, as determined by the Remuneration Committee of the Board and the Board of Directors, were later approved by the Members of the Company at the Forty Eighth Annual General Meeting held on July 26, 2008. Again he was reappointed for a further term of three years from April 01, 2011. The said re-appointment and remuneration package, as determined by the Remuneration Committee of the Board and the Board of Directors, were later approved by the Members of the Company at the Fifty First Annual General Meeting held on July 23, 2011. He has completed his term as Director (Finance) & Secretary on March 31, 2014.

Sri V Pichai is a Chartered Accountant and a Company Secretary. His qualifications are B. Com., ACA, ACS and CAIIB. He has to his credit more than four decades experience. After a short stint of 7 years in a nationalised Bank, Sri V Pichai joined the Company in 1980. He has completed more than three decades of service in the Company. He has managed admirably various functional areas of the Company, viz., Accounts, Finance, Legal, Taxation, Secretarial, etc.

He was largely responsible for successful financial closure of all Projects undertaken by the Company. He also spearheaded the acquisition of Subburaj Papers Limited and its subsequent merger with the Company.

He is aged 66. As Director (Finance) & Secretary of the Company, he is in charge of the Finance, Accounts, Taxation, Legal and Secretarial functions of the Company. He was reporting to the Chairman and Managing Director.

In March 2011, the Company acquired M/s Subburaj Papers Limited, a closed mill with a capacity of 60 000 tonnes per annum. It was converted into a virgin pulp paper mill. After undertaking initial modifications and undertaking installation of balancing equipments, the mill stabilised its production operations and achieved full capacity utilisation in the third year of operation. The installed capacity of the machine provides scope for enhancing the production capacity to 90 000 tonnes. The available de-inking facility is being revived to meet the shortage of pulp. The Company is also in the process of embarking on a Mill Development Plan with substantial capital outlay, both at Erode and Tirunelveli Units to address some of the major short comings which come in the way of production and quality of paper.

At this crucial juncture, the continued services of Sri V Pichai are considered essential. It is also essential for the Company to have his continued services for its future growth.

Taking into consideration all the above facts Sri N Gopalaratnam, the then Chairman and Managing Director had recommended his elevation as Deputy Managing Director & Secretary to be in charge of the entire Accounts, Finance, Legal, Taxation and Secretarial functions of the Company, both at Erode and at Tirunelveli.

The Board of Directors, at their meeting held on March 22, 2014, appointed Sri V Pichai, as Deputy Managing Director & Secretary for a further term of three years from April 1, 2014, taking into consideration the recommendations of the Nomination cum Remuneration Committee regarding the remuneration package and other terms and conditions set out in the Resolution and enumerated above.

Sri V Pichai's appointment as Director on the Board of the Company was on the basis of his being liable to retire by rotation. He will continue to be the Director of the Company till his turn comes for retirement by rotation. He is eligible to seek re-election at the Annual General Meeting in which he retires by rotation.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013, which permits our Company to pay an overall remuneration, not exceeding 10% of the net profits in any year, to all its Whole-time Directors.

In the event of loss or inadequacy of profits in any financial year, Sri V Pichai shall be paid a Special Allowance not exceeding 50% of annual salary in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Schedule V to the Companies Act, 2013. No commission is payable in such a year.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration including commission and the perquisites from time to time within the limits prescribed in Schedule V to the Companies Act, 2013 or any amendment or statutory modifications thereto.

In terms of Part III of Schedule V to the Companies Act, 2013, the appointment and remuneration, as above, shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval under item No. 10 in the Notice.

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

No other Director, Key Managerial Personnel or their relatives, other than Sri V Pichai, are interested in this item of business.

### **Item No. 11**

#### **Remuneration to Cost Auditor**

The Company is engaged in the manufacture of paper and paper boards at its unit at Erode and Tirunelveli. It has been maintaining cost accounting records and getting them audited

under the provisions of the Companies Act, 1956. Cost Auditor for this purpose was appointed with the approval of Central Government.

Section 148 of the Companies Act, 2013 has similar prescription for cost records and audit thereof. While the remuneration for the audit of cost records is determined by the Board of Directors on the recommendations of Audit Committee, it will have to be ratified by the Members at the following General meeting. The approval of Central Government is no longer required under the new Law.

Pursuant to the above, the Board of Directors have appointed M/s S Mahadevan & Co., Cost Accountants (Firm Registration No. 000007) for the audit of cost records of the Company for the financial year 2014-15 and determined the remuneration at ₹ 1 50 000 (Rupees one lakh fifty thousand only) together with Service Tax, Education Cess and Higher Education Cess, if any, in addition to reimbursement of actual expenses incurred in connection with the Audit, based on the recommendations of the Audit Committee. It is now placed for the approval of the Members in accordance with Section 148(3) of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

Copies of relevant Resolutions of the Audit Committee and Board are available for inspection of the members on any working day of the Company between 11.00 AM and 01.00 PM.

No Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in this item of business.

#### **Item Nos.12 and 13**

#### **Borrowing powers and Mortgage of Assets**

In terms of Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956, the Members had passed requisite Resolutions, by way of Ordinary Resolution, at the Annual General Meetings held

on 22nd July 2000 and 28th July 2012, respectively. The Board of Directors were duly delegated powers for making borrowings and creating security for such borrowings upto an aggregate outstanding amount of ₹ 1000 crores.

The Central Government has since enacted the Companies Act, 2013 in place of the Companies Act, 1956 and the provisions of new Law are being effectuated in a phased manner. In terms of Section 180 of the Companies Act, 2013, the authorisation by Members for the aforesaid purposes shall require to be given by way of Special Resolution as opposed to the Ordinary Resolution required under the old Law. Ministry of Corporate Affairs, by General Circular No. 04/204, dated 25th March 2014, has clarified that the Resolutions passed under Section 293 of the Companies Act, 1956 prior to 12th September 2013 with reference to borrowings and / or creation of security will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013 for a period of one year from the date of notification of Section 180 of the new Law.

It has, thus, become necessary for the Company to revalidate the sanctions already given by passing a fresh Resolution by way of Special Resolution. Having regard to the current business plans of the Company, the existing limit is considered sufficient and no enhancement of limit has been sought at the current juncture.

No Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in this item of business.

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

(V PICHAI)  
Deputy Managing Director & Secretary

Chennai  
May 30, 2014

**Appointment of Directors :**

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

**SRI BIMAL KUMAR PODDAR :**

<b>Date of birth and age</b>	:	25 12 1942 (71 years)
<b>Date of appointment</b>	:	January 25, 2003
<b>Expertise in specific functional areas</b>	:	<p>He entered his family business at the early age of 19. In the last five decades, he has acquired varied and variegated experience in the spheres of finance, administration and management. He has travelled widely throughout the globe and has a global feel of business.</p> <p>His current interests are tea plantations, investments and construction activities.</p>
<b>Qualification</b>	:	B.Com
<b>Number of shares held in the Equity Capital of the Company</b>	:	Nil
<b>Relationship with other Directors</b>	:	He is not related to any other Director.
<b>Directorship in other companies</b>	:	Ponni Sugars (Erode) Limited Matheson Bosanquet Enterprises Limited The Coonoor Tea Estates Co. Limited Lucky Valley Investments & Holdings Limited Hope Textiles Limited Sua Explosives & Accessories Private Limited Sua Finance & Investments Limited Poddar Niket Developers Limited Pragati Business Limited Ornate Textiles Private Limited Kankhal Estates Private Limited
<b>Committee / executive positions held in other companies</b>	:	Ponni Sugars (Erode) Limited - Audit Committee - Member  Hope Textiles Limited - Remuneration Committee - Chairman

**Sri R V GUPTA, IAS (Retd.):**

<b>Date of birth and age</b>	:	19 11 1937 (76 years)
<b>Date of appointment</b>	:	26 09 2008
<b>Expertise in specific functional areas :</b>		
<p>Sri R V Gupta, IAS (Retd.) belongs to the 1962 Batch of Indian Administrative Service. He has held important positions in various State and Central Government Departments. He served the Government of India at the levels of Special Secretary (Ministry of Finance), Secretary (Ministry of Food), Additional Secretary (Ministry of Chemicals and Fertilisers), etc. He has also acted as the Principal Secretary to Government of Madhya Pradesh. Prior to retirement, he was the Deputy Governor, Reserve Bank of India and was closely involved in the economic reforms process. After retirement, he acted as Chairman of the Reserve Bank of India Committee on Agriculture Credit. He was also associated with Deutsche Bank, as Chairman of Local Advisory Board for India. He has held various Board level positions in the industry.</p> <p>Sri R V Gupta served as a Nominee Director of IDBI on the Board of our Company for more than six years from May 2002 to August 2008.</p> <p>He is the current Chairman of the Audit Committee of the Board of Directors.</p>		
<b>Qualification</b>	:	IAS (Retd.)
<b>Number of shares held in the Equity Capital of the Company</b>	:	Nil
<b>Relationship with other Directors</b>	:	He is not related to any other Director.
<b>Directorship in other companies</b>	:	Good Year India Limited Mawana Sugars Limited DCM Engineering Limited Honda Siel Power Products Limited Delhi Safe Deposit Company Limited DCM Limited
<b>Committee / executive positions held in other companies</b>	:	Good Year India Limited - Audit Committee - Chairman - Investors Grievance Committee - Member DCM Engineering Limited - Audit Committee - Member - Remuneration Committee - Member Honda Siel Power Products Limited - Audit Committee - Member Mawana Sugars Limited - Audit Committee - Member

**Sri V SRIDAR :**

<b>Date of birth and age</b>	:	27 07 1947 (66 years)
<b>Date of appointment</b>	:	04 06 2009
<b>Expertise in specific functional areas</b>	:	<p>Sri V Sridar is a Science Graduate and a Chartered Accountant with a brilliant academic record. He has to his credit more than three decades (1975 to 2007) of service in large public sector nationalised Banks. In 1975 he joined Union Bank of India in the Officer's Cadre and rose to positions of Chief Manager, Regional Manager, Assistant General Manager, Deputy General Manager and finally was the General Manager of the Bank between 1996 and 2000.</p> <p>He was elevated and transferred as Executive Director of UCO Bank in 2000. In 2002, again he was promoted and transferred as Chairman and Managing Director of National Housing Bank. He served in that position till 2004.</p> <p>In 2004, again he was promoted and posted as Chairman and Managing Director of UCO Bank which position he held till 2007. On superannuation he retired from that position in July 2007.</p> <p>During his tenure as Chairman and Managing Director, UCO Bank witnessed tremendous growth. Total business volume and operating profits of the Bank almost doubled. The Gross Non Performing Assets came down from about 6% to 3% and Net Non Performing Assets to around 2%. He was instrumental in bringing about organisation restructure of UCO Bank from the erstwhile geographically oriented four tier organisation structure to a functionally oriented three tier structure with due focus on the business strategy to be adopted by the Bank in future by segmenting the customers into Big Corporate, Mid Corporates, Small Enterprises and Retail Customers.</p>
<b>Qualification</b>	:	B Sc., ACA
<b>Number of shares held in the Equity Capital of the Company</b>	:	Nil
<b>Relationship with other Directors</b>	:	He is not related to any other Director.
<b>Directorship in other companies</b>	:	STCI Primary Dealer Limited Morpheus Capital Advisers Private Limited ICICI Bank Limited Ponni Sugars (Erode) Limited Sarada Metals and Alloys Limited Aadhar Housing Finance Limited IDFC AMC Trustee Company Limited Cent Bank Home Finance Company Limited ICICI Prudential Life Insurance Company Limited IDFC AMC Trustee Company Limited

**Sri V SRIDAR (Contd.)**

<b>Committee / executive positions held in other companies</b>	:	Aadhar Housing Finance Limited - Audit Committee - Chairman Cent Bank Home Finance Company Limited - Audit Committee - Member Ponni Sugars (Erode) Limited - Audit Committee - Chairman - Nomination cum Remuneration Committee - Member Sarada Metals and Alloys Limited - Audit Committee - Chairman ICICI Bank Limited - Audit Committee - Member - Risk Management Committee - Member - Fraud Monitoring Committee - Chairman - Stakeholders Relationship Committee - Member
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**Dr S NARAYAN, I A S (Retd.) :**

<b>Date of birth and age</b>	:	20 06 1943 (70 years)
<b>Date of appointment</b>	:	18 01 2007

**Expertise in specific functional areas :**

Dr S Narayan, IAS (Retd.) has to his credit nearly four decades (1965 to 2004) of public service in the State and Central Governments, in Development administration. Lastly (2003-04), he was Economic Adviser to the Prime Minister and was responsible for implementation of economic policies of several Ministries. The responsibility in this task was monitoring of the special economic agenda of the Cabinet on behalf of the Prime Minister's Office and policy formulation.

Prior to this assignment, he was in Government of India as Finance and Economic Affairs Secretary, Secretary in the Departments of Revenue, Petroleum, Industrial Development and Coal since 1997.

Between 2000 and 2003, he was in the Ministry of Finance with responsibilities for formulation of macro-economic policy for the Government, tariff and taxation policies as well as initiatives for modernising the capital markets. Reforms in the Banking Sector and Financial Institutions were a major focus of this responsibility. He was involved in developing strategy for Foreign Direct Investment in India and for the reforms agenda. He was one of the key players in formulating the National Budget between 2000 and 2004. His special interests include public finance, investment policy, energy policy, commodities and mining, governance issues and international trade.

He is a visiting faculty at several academic institutions, including the National University at Singapore and the LSE. He contributes articles regularly to newspapers, including Financial Express, Business Times (Singapore), Economic Times, etc., on issues relating to economic reforms, public policy, governance, public finance, trade and energy. He travels widely and lectures at several international fora.



**Dr S NARAYAN, I A S (Retd.) (Contd.)**

<b>Qualification</b>	:	M.Sc., MBA, M Phil., I A S (Retd.)
<b>Number of shares held in the Equity Capital of the Company</b>	:	Nil
<b>Relationship with other Directors</b>	:	He is not related to any other Director.
<b>Directorship in other companies</b>	:	Apollo Tyres Limited Dabur India Limited Godrej Properties Limited Castlewood Trading Private Limited Artemis Medicare Services Private Limited
<b>Committee / executive positions held in other companies</b>	:	Apollo Tyres Limited : - Audit Committee - Member  Dabur India Limited : - Audit Committee - Member

## — SESHASAYEE PAPER AND BOARDS LIMITED —

### Sri N GOPALARATNAM :

<b>Date of birth and age</b>	:	15 04 1947 (67 years)
<b>Date of appointment</b>	:	26 12 1987 as a Director 01 04 1988 as Managing Director 28 07 2001 as Chairman and Managing Director
<b>Expertise in specific functional areas</b>	:	Mechanical Engineer with nearly 40 years of specialisation in design, operation and management of Pulp and Paper Industry.
<b>Qualification</b>	:	B.Sc., B.E. (Mech)
<b>Number of shares held in the Equity Capital of the Company</b>	:	9231
<b>Relationship with other Directors</b>	:	He is not related to any other Director.
<b>Directorship in other companies</b>	:	Ponni Sugars (Erode) Limited High Energy Batteries (India) Limited SPB Projects and Consultancy Limited Esvi International (Engineers & Exporters) Limited
		Time Square Investments Private Limited
<b>Committee / executive positions held in other companies</b>	:	Ponni Sugars (Erode) Limited - Stakeholders Relationship Committee - Chairman - Nomination cum Remuneration Committee - Member High Energy Batteries (India) Limited - Stakeholders Relationship Committee - Chairman

**SRI K S KASI VISWANATHAN :**

<b>Date of birth and age</b>	:	28 03 1951 (63 years)
<b>Date of appointment</b>	:	January 29, 2005
<b>Expertise in specific functional areas</b>	:	<p>He is a Chemical Engineer (B Tech. from the Regional Engineering College, Trichy) and MMS from University of Madras. He has to his credit nearly four decades 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.</p>
<b>Qualification</b>	:	B. Tech., MMS
<b>Number of shares held in the Equity Capital of the Company</b>	:	582
<b>Relationship with other Directors</b>	:	He is not related to any other Director.
<b>Directorship in other companies</b>	:	Nil
<b>Committee / executive positions held in other companies</b>	:	Nil

**SRI V PICHAI :**

<b>Date of birth and age</b>	:	12 09 1947 (66 years)
<b>Date of appointment</b>	:	January 29, 2005
<b>Expertise in specific functional areas</b>	:	<p>He is a Chartered Accountant and a Company Secretary. His qualifications are B. Com., ACA, ACS and CAIIB. He has to his credit more than four decades of experience. After a short stint of 7 years in a nationalised Bank, he joined the Company in 1980. He has completed more than three decades of service in the Company. He has managed admirably various functional areas of the Company, viz. Accounts, Finance, Legal, Taxation, Secretarial, etc. He is in charge of the Finance, Accounts, Taxation Legal and Secretarial functions of the Company. He reports to the Chairman.</p>
<b>Qualification</b>	:	B.Com., ACA, ACS, CAIIB
<b>Number of shares held in the Equity Capital of the Company</b>	:	8539
<b>Relationship with other Directors</b>	:	He is not related to any other Director.
<b>Directorship in other companies</b>	:	<p>Dhanashree Investments Private Limited                      Time Square Investments Private Limited                      Ultra Investments and Leasing Company Private Limited</p>
<b>Committee / executive positions held in other companies</b>	:	Nil

## SESHASAYEE PAPER AND BOARDS LIMITED

### DIRECTORS' REPORT

**7** The Directors hereby present their Fifty Fourth Annual Report and the Audited Accounts for the year ended 31st March 2014:

#### WORKING RESULTS

	2013-14 (in tonnes)	2012-13 (in tonnes)
Production	178272	169438
Sales	177917	170079
	(₹ lakhs)	(₹ lakhs)
<b>Revenue from Operations</b>		
Sales and Other Operating Income	106675	87807
Less: Excise Duty and Excise Cess	5337	4358
	101338	83449
Other Income	275	417
<b>Total Revenue</b>	101613	83866
<b>Profit before interest, depreciation and tax</b>	12892	11007
Finance Cost	3871	4446
Depreciation	4897	4914
<b>Profit/(loss) before tax</b>	4124	1647
Provision for current tax	0	0
Transfer to / (from) Deferred Tax	1445	(-) 404
<b>Net Profit</b>	2679	2051

#### DIVIDEND

The Directors recommend payment of Dividend at ₹ 4 (₹ four) per Equity Share, absorbing a sum of ₹ 505 lakhs.

As per the provisions of the Income tax Act, 1961, no tax will be deducted at source on

dividends distributed. However, the Company will bear the tax on the dividend distributed, amounting to ₹ 85 lakhs.

#### APPROPRIATIONS

Your Directors propose the following appropriations:

	2013-14 (₹ lakhs)
Net profit for the year	2679
<i>Add:</i>	
Surplus brought forward from the previous year	3487
	<u>6166</u>
<i>Less:</i>	
Transfer to General Reserve	2500
Proposed dividend and tax thereon	590
	<u>3090</u>
Balance carried forward	<u>3076</u>

#### OPERATIONS PRODUCTION

During the year, the production at Unit : Erode was 1 18 197 tonnes, as compared to 1 19 366 tonnes, produced in the previous year. The production was marginally lower by 1 169 tonnes, compared to the previous year, mainly on account of severe restrictions on power availability imposed by the State Government.

The Unit : Erode also produced 18 177 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

The Unit : Tirunelveli produced 60 075 tonnes Paper during the year, as compared to 50 072 tonnes, produced in the previous year, higher by 10 003 tonnes.

The overall Production for the Company was 1 78 272 tonnes of Paper and Boards for the year, as compared to 1 69 438 tonnes produced, in the previous year.

### SALES

During the year, the Unit: Erode sold 1 17 138 tonnes, against its production of 1 18 197 tonnes, While the entire paper produced had been sold and zero stock was achieved at the end of the financial year, nearly 502 tonnes of converted Note Books remained in stock, for disposal during the ensuing school season.

The Unit : Tirunelveli sold 60 642 tonnes, during the year and achieved zero stock at the end of the financial year.

The overall sale of Paper and Paper Boards, (including sales under trading activity), effected by the Company during the year, was 1 77 917 tonnes, compared to 1 70 079 tonnes, sold during the previous year.

### PROFITABILITY

The Gross Turnover, including Other Operating Income, had crossed ₹ 1000 crore mark this year and stood at ₹ 1067 crores, as against ₹ 878 crores, in the previous year.

The Revenue from Operations of the Company for the year was ₹ 1 01 613 lakhs, as against ₹ 83 866 lakhs, in the previous year,

The Profit before interest, depreciation and tax was ₹ 12 892 lakhs, for the Company compared to ₹ 11 007 lakhs, in the previous year.

After absorbing interest and depreciation of ₹ 3 871 lakhs and ₹ 4 897 lakhs, respectively, the Profit before tax was ₹ 4 124 lakhs, as compared to ₹ 1 647 lakhs, in the previous year.

The overall Profit before tax for the year registered an impressive growth, due to increased production and better price realisations for the end products. The Profit could have been much better, but for the steep increase in prices of wood by nearly 70% and severe restrictions imposed by the State Government on availability of power from State Grid.

Due to substantial carried forward unabsorbed depreciation available on account of amalgamation of SPB Papers Limited, the Company was liable only to Minimum Alternate

Tax (MAT). As the tax liability under the Regular Method is nil, the entire MAT is eligible to be carried forward as MAT Credit Entitlement for set off in future years. Consequently, the Current Tax liability for the year is Nil.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of ₹ 1 445 lakhs has been transferred to Deferred Tax to the debit of the Profit and Loss Account, as against transfer of ₹ 404 lakhs from Deferred Tax and credited to the Profit and Loss Account in the previous year.

In the result, Profit after tax for the year was ₹ 2 679 lakhs, as compared to ₹ 2 051 lakhs, in the previous year.

### FINANCE

Instalments of Term Loans and interest dues on Term Loans and Working Capital borrowings were paid on or before the respective due dates. The entire Term Loan borrowed by Unit : Erode, for its Mill Development Plan, was fully repaid during the year. Unit : Erode does not carry any Term Loans in its books, other than the Working Capital borrowings. The Term Loan outstanding for Unit : Tirunelveli was ₹ 15 839 lakhs, as on March 31, 2014.

### INTEREST FREE SALES TAX DEFERRAL SCHEME

As the repayment of the loan has already commenced, the Company repaid ₹ 521 lakhs during the year and the balance outstanding as on March 31, 2014 was ₹ 4 243 lakhs.

### MARKET CONDITIONS

The year commenced with favourable conditions of demand, resulting from the text books and exercise note books sectors. Modest price increases could be effected to offset the cost increases.

However, the slide in demand for paper commenced by end September 2013, when the Maplitho grades experienced a fall in demand. By this time, the market and the end users were fully aware of the cost of production having

escalated beyond the control of manufacturers, leaving them with no choice but to accept the increased prices charged by the manufacturers.

This in turn continued to keep the demand at higher than the off-season levels, due to the end users purchasing and storing more than their requirements to save on future price revisions.

Despite multiple revisions in price, the manufacturers were still short of covering the escalation in cost of production, primarily due to increase in price of wood, coal and chemicals. With unabated increase in prices of wood, another price revision was effected in December 2013, to partially neutralise the increase in costs. This was the last price revision for the year, which was not fully absorbed by the market.

The fourth quarter was most unique in the paper industry. Till now, every year demand for paper for the educational sector would commence from January and peak around April and May. This year, there was no indication of this additional demand, since the major consumers / publishers had already stored sufficient stocks to counter the price revisions.

From the 1st January 2014, as per FTA agreement with the ASEAN countries, import of paper was at zero Customs Duty item and this weakened the sentiments of the market further. General elections, that would normally trigger additional consumption of paper, had no impact on the demand this time. The general sluggishness in the economy, contributed to the postponement of regular purchases, due to uncertainty in the industrial and commercial sectors of the economy.

All the above factors resulted in a very subdued demand where stocks started piling up with all the manufacturers. This continued during the first quarter of the current financial year.

By securing some bulk orders, the Company could cover the machines with orders and achieve zero stock at the end of the year.

The outlook for the current year appears 'weak', though a stable market is projected by Analysts.

### EXPORT PERFORMANCE

The Unit : Erode exported 13 388 tonnes during the year, as compared to 15 314 tonnes, exported during 2012-13. The export proceeds amounted to US \$ 10 431 863. In Rupee terms, the value of exports amounted to ₹ 7 046 lakhs as compared to ₹ 7 204 lakhs, during the previous year.

Besides the above, the Unit : Erode also sold 243 tonnes, under deemed exports whose proceeds amounted to ₹ 135 lakhs.

The Unit : Tirunelveli exported 10 404 tonnes of Paper during the year, as against 9 812 tonnes, exported during the previous year. The export proceeds amounted to US\$ 8 514 217. In Rupee terms, the value of exports amounted to ₹ 5 184 lakhs, as against ₹ 4 345 lakhs in the previous year.

Besides the above, the Unit : Tirunelveli also sold 406 tonnes, under deemed exports whose proceeds amounted to ₹ 213 lakhs.

The exports, including Deemed Exports, accounted for 13.71% of Production.

### TREE FARMING ACTIVITY

The Company provides quality Clonal Seedlings of Eucalyptus, as well as Casuarina Seedlings, at subsidised rates, to interested farmers and assist them with technical help to achieve higher yields.

Technical support for this initiative 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. Last year, farmers owning 19 507 acres were benefited by such support.

### 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 that 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 been re-certified under three Standards of FSC, viz., FSC-STD-40-004, 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 Mix Products** in the domestic and international markets

## AWARDS

### Safety

The Company won the following Safety Awards, instituted by the Government of Tamilnadu, for the year 2012, in respect of units which worked for more than 10 lakhs man hours in a year:

- ◇ For highest reduction in accident rate when compared to the previous year - First Prize;
- ◇ For Lowest Weighted Frequency Rate in accidents when compared to other industries coming under the same classification and group - First Prize and
- ◇ For longest accident free period in man hours - First Prize.

## 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.

## DEPOSITORY SYSTEM

As on March 31, 2014, 95 89 050 Equity shares, representing 76.02% of the total Paid up Equity Share Capital of the Company were held by 4 750 Shareholders under Demat form.

## FURTHER ISSUE OF SHARES

During the year, the Company issued 13 63 628 Equity Shares to the Equity Shareholders of SPB Papers Limited (since amalgamated with our Company), pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court of Madras.

## SUBSIDIARY

M/s Esvi International (Engineers & Exporters) Limited (Esvin) is a wholly owned subsidiary of the Company. Currently, Esvin holds properties and derives property income.

## CURRENT YEAR (2014-15)

In Unit : Erode, the Production during April 2014, was 8 928 tonnes, as compared to 9 558 tonnes, produced during April 2013. In Unit : Tirunelveli, the Production was 4050 tonnes in April 2014, as against 3 654 tonnes in April 2013. The overall Production for the Company, for the month of April 2014, was 12 978 tonnes. Total Revenue (net of Excise Duty and Cess), during April 2014, amounted to ₹ 5 373 lakhs, compared to ₹ 5 079 lakhs, during April 2013.

During April 2014, 764 tonnes of paper, valued at US\$ 665 918 (equivalent to ₹ 403 lakhs) were exported.

Market conditions for paper are 'soft' and weak demand growth is forecast.



### ENVIRONMENTAL PROTECTION

The Company continues to provide utmost attention to the conservation and improvement of the environment. In Unit : Erode, 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. The implementation of the Mill Development Plan has enabled the Mill to enhance its environmental compliance, thereby complying with the Charter on Corporate Responsibility for Environmental Protection (CREP) on a sustained basis.

Unit : Tirunelveli is well equipped with efficient Electrostatic Precipitator for the Power Boiler and has an extensive green cover. Its treated waste water, after recycling, is used to irrigate the Company owned lands.

### 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.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Company has constituted a Corporate Social Responsibility Committee (CSR), consisting of Sri N Gopalaratnam, Sri V Sridar, Sri K S Kasi Viswanathan and Sri V Pichai as its members. The Committee will formulate CSR Policy, recommend CSR Initiatives and monitor CSR expenditure.

### 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, 2014 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 - II and Annexure - III.

As required by the Listing Agreement, an Auditors' Report on Corporate Governance and a Declaration by the Managing Director / Chief Executive Officer 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 Managing Director and Deputy Managing Director & 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, 2014 at the meeting held on May 30, 2014.

### 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

During the year 2013-14, none of the employees of the Company was in receipt of remuneration, in excess of the limit prescribed in Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

### 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.

### DIRECTORS

At the Board Meeting held on March 22, 2014, the Board of Directors re-appointed:

- Sri N Gopalaratnam, as Chairman with executive powers,
- Sri K S Kasi Viswanathan, as Managing Director and
- Sri V Pichai, as Deputy Managing Director & Secretary,

for a further term of three years from April 01, 2014. The re-appointment / remuneration package for the above three Whole-time

Directors require the approval of the Members in General Meeting and hence, forms part of the Agenda for the Fifty Fourth Annual General Meeting.

Sri Bimal Kumar Poddar retires by rotation, under Article 104 of the Articles of Association of the Company at the conclusion of the ensuing Fifty Fourth Annual General Meeting and being eligible offers himself for re-election at the said Meeting.

The Company has received notices under Section 160 of the Companies Act, 2013 from Members proposing the candidature of Sri R V Gupta, Sri V Sridar and Dr S Narayan together with requisite deposit of ₹ one lakh for each for appointment as Independent Directors.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence, as prescribed both under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

### AUDITORS

M/s Suri & Co., Chennai, Messrs S Viswanathan, Chennai and M/s Maharaj N R Suresh & Co., 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 2013-14. The Cost Audit Report for the year 2013-14 will be submitted to the Central Government before the due date.

**ACKNOWLEDGEMENT**

The Directors place on record their great appreciation of the tireless efforts of all Executives and Employees of the Company for their fine performance 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

**N GOPALARATNAM**  
Chairman

Chennai  
May 30, 2014

**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:**

**Unit : Erode**

- ◇ Increased Green Energy generation from the Chemical Recovery Co-generation Plant through increased firing of Black Liquor Solids and by minimising the medium pressure steam extraction from 16 MW Steam Turbo Generator.
- ◇ Advanced high temperature insulation of steam line connecting Recovery Boiler and Steam Turbine, thereby avoiding the steam temperature drop.
- ◇ Avoidance of high pressure (105 bar) steam from passing through PRDS (Pressure Reducing De-super Heating Station) which helped additional steam to pass through the 21 MW Turbo Generator set increasing the power generation.
- ◇ Reducing the unburnt carbon in the fly ash from the Coal fired, AFBC Boiler through PA Fan pressure reduction.
- ◇ Installation of Variable Frequency Drives in different parts of the Mill to reduce electrical energy consumption.
- ◇ Installation of 1000 rpm Motors in place of 1500 rpm Motors, wherever possible, to reduce electrical energy consumption.

**Unit : Tirunelveli**

- ◇ Installation of energy efficient ID Fan for Boiler ID.
- ◇ Operation of Machine Chest Pump in VFD.
- ◇ Introduction of circulation line in Refiner.

**b) Additional investments and proposals, if any :**

**Unit : Erode**

- ◇ Further increase in the firing of Black Liquor Solids in the Chemical Recovery Boiler to improve Green Power generation.
- ◇ Insulation of hot liquor and steam pipelines in the Re-causticising and Pulp Mill sections to conserve energy.
- ◇ Insulation of Evaporation Plant Condensate Return Line.
- ◇ Optimization of use of high pressure steam in Soot Blowing in the Chemical Recovery Boiler.
- ◇ High consistency refining of Wood Pulp.
- ◇ Additional Heat Exchangers in the Wood Pulp digestion area to reduce steam consumption.

**Unit : Tirunelveli**

- ◇ Optimise operation of Paper Machine Hood to reduce Steam consumption.
- ◇ Insulate Steam and Condensate lines.
- ◇ To study and install Variable Frequency Drive (VFD) to reduce electrical energy.

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

The above measures have resulted in reduced consumption of energy and increased productivity.

## SESHASAYEE PAPER AND BOARDS LIMITED

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

#### FORM - A

	Unit : Erode		Unit : Tirunelveli	
	Year ended March 31 <b>2014</b>	2013	<b>2014</b>	2013
<b>A POWER AND FUEL CONSUMPTION</b>				
<b>1 Electricity</b>				
a) Purchased				
Unit - lakh kWh	133.04	91.37	322.45	223.78
Energy charges - ₹ lakhs	827.18	603.76	2052.95	2063.31
MD and other charges	526.23	440.26	315.60	380.56
Total charges	1353.40	1044.02	2368.54	2443.87
Rate/unit - ₹ (excluding Maximum Demand and other Charges)	6.2174	6.6078	6.37	9.22
b) Own generation				
Through Steam Turbine				
Units - lakh kWh	1973.25	2072.95	280.62	236.93
Units per kg of fuel	--	--	--	--
Cost/unit - (Variable) - ₹	2.79	3.10	5.55	6.28
<b>2 Coal</b>				
Quantity - tonnes	155331	182253	10141	7002
Total cost - ₹ lakhs	8353.92	9255.14	519.20	329.43
Average rate - ₹ per tonne	5378	5078	5120	4705
<b>3 Raw Lignite</b>				
Quantity - tonnes	--	1000.11	--	--
Total cost - ₹ lakhs	--	26.36	--	--
Rate/unit - ₹ per tonne	--	2635	--	--
<b>4 Furnace oil</b>				
Quantity - kilo litres	7116	6685	--	--
Total cost - ₹ lakhs	2914.95	2612.99	--	--
Average rate - ₹ per kilo litre	40965	39087	--	--
<b>5 Other Bio-Fuels</b>				
Quantity - tonnes	24	2	76685	46705
Total cost - ₹ lakhs	1.74	0.12	2077.51	1111.87
Rate/unit - ₹ per tonne	7262	6170	2709	2381
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>				
Electricity - kWh	1702	1729	1004	920
Coal - tonne	1.314	1.531	0.169	0.140
Lignite - tonne	--	0.008	--	--
Other Bio-Fuels	--	--	1.276	0.933
Furnace oil - Kilo litre	0.060	0.056	--	--

**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**

**Unit : Erode**

- (i) Pulping and bleaching :
  - Studies on Pulping of Melia Dubia wood and Acacia Wood from various imported sources, such as Malaysia, Indonesia and Vietnam.
  
- (ii) Quality Improvement and cost optimisation:
  - Development of new products, such as Drawing Paper for Export, Cream laid NS with UV identification for university mark sheet.
  - Implementation of De-barking process for Eucalyptus Hybrid wood for improving pulp quality.
  - Modifying the cooking conditions of Enzymatic Conversion of Native Starch to improve the quality of Size Press Starch coating.
  - Conducting various plant trials with different Polymer Additives for improving the paper quality.
  - Introduction of Digester Additive to reduce the chemical consumption and to improve the Pulp quality.
  - Introduction of Pitch Control Programme to avoid lumps / spots in paper.
  - Introduction of Binary Sizing in place of 100% Cationic Rosin Sizing for reducing the cost..

**Unit : Tirunelveli**

- Improving quality of Paper.
- Recycling of effluent.

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

**Unit : Erode**

- ECF bleached Hard Wood Pulp quality has improved, viz., consistent Pulp quality with respect to strength, brightness viscosity and cleanliness.
- Effluent discharges from the Mill contains very low Absorbable Organic Halides content.
- Improvement in shade, optical and strength properties of Paper.
- Reduction in cost of chemicals in some cases

**Unit : Tirunelveli**

- (i) In Paper Machine :
  - Improvements in paper formation.
  - Improvements in paper Cobb and Fluff values.
  - Consistency in strength and optical properties.

(ii) In Process :

- Reduction in Raw Water consumption.
- Achievement of zero liquid discharge.
- Development of Green Belt by exclusive use of treated effluent water

**3 Future plan of action :**

**Unit : Erode**

- Development of new value added products.
- Development of alternative to Direct Yellow Dye for Paper Yellow to eliminate Acid Sizing.
- Development of alternate Dyes for Colour Copier Papers.
- Use of Pigment Dyes for white varieties to improve light fastness.
- Conducting plant trials with various chemical additives to improve the process.
- Evaluation of new additives for improvement of strength and surface properties.
- Development of various pulp furnish for improving the quality of Kraft Papers.

**Unit : Tirunelveli**

- Development of paper to meet the demands of the multi colour printing sector
- Introduction of surface sizing for all products.
- To further reduce water consumption.

**4 Expenditure on R & D**

- The R & D work is carried out in the Central Laboratory attached to the Mill.

(a) Capital - ₹ 10.64 lakhs

(b) Recurring - ₹ 42.16 lakhs

(c) Total - ₹ 52.80 lakhs

(d) Total R & D expenditure as a percentage of total turnover - 0.05%

Technology absorption, adaptation and innovation - Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

f) During the year under review the Company exported 23 792 tonnes of Paper and Boards valued at US \$18 946 080. In Rupee terms the value of exports amounted to ₹ 11 540 lakhs.

**g) Total Foreign Exchange earned and used :**

(i) Earnings	— ₹ 11 540 lakhs
(ii) Outgo :	
Raw Materials	— ₹ 13 862 lakhs
Components, Spare Parts & Chemicals	— ₹ 8 402 lakhs
Capital Goods	— ₹ 21 lakhs
Others	— ₹ 286 lakhs
<b>Total</b>	<b>— ₹ 22 571 lakhs</b>



REPORT ON MANAGEMENT'S DISCUSSION AND ANALYSIS

**(i) Industry structure and developments**

**Global :**

Paper is of significant importance to the society. Its contribution in the areas of education, dissemination of information and knowledge, hygiene and packaging cannot be matched.

Paper is interwoven with human life in hundreds of ways. It is a bio-degradable product and has a benign footprint at the end of its life cycle. Despite the predictions that digital age would render paper obsolete, Paper Industry has been growing year after year.

Paper Industry has 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 400 million tonnes.

Demand is projected to grow by about 2-3% per annum. While the mature markets may record a flat growth rate, the emerging markets are expected to grow at a CAGR of 4 - 5%. India is forecast to have the highest growth rate of 6 - 7% per annum. China and Russia are expected to register impressive growth rates, in excess of 5% per annum.

The four key paper and board categories are Newsprint, Coated / Uncoated Wood-free Papers, Tissue Papers and Boards for the packaging applications. The growth rate will vary by grade. Tissue, Container Boards and Carton Boards are expected to witness higher growth rates.

The year 2011 and 2012 saw a mild recovery in the fortunes of the paper industry. However, paper and paper board output fell along with overall industrial production in both Europe and the USA, as per UNICEF / FAO report.

A wave of consolidations and takeovers reduced demand for pulp commodities across

Europe and North America. However, volumes to Asia, particularly China were strong in 2011 and in early 2012. During this period, prices peaked and then subsequently fell following overcapacity for most pulp, paper and paperboard commodities.

As per the Report of Environmental Paper Network, USA, consumption of paper and paper boards products have witnessed significant decline in North America, since 2007. This drop in consumption is attributable to the aftermath of financial crisis at the end of the decade, as well as to the shift in the pattern of consumption of news and other media from print to digital formats. While global paper consumption is rising, consumption in North America declined significantly by 24% between 2006 and 2009, as per reports available.

The Asian Printing and Writing Paper market experienced another disappointing year in 2013 as both demand and producer margins were weak due to gloomy global economies and overcapacity issues.

According to the latest RISI Graphic Paper forecast, Asian printing and writing paper demand edged up just 0.8% (3 70 000 tonnes gain) in 2013, slightly below the 1.2% rise seen in 2012 and well below the 3.6% growth rate achieved in 2011. China and Japan, the top two paper consuming countries in this Region, generally determine the growth trend in Asia. In China a lagging (but still healthy) economy, a de-emphasis on paper use due to environmental and energy concerns took a toll on paper demand. Consumption in Japan fell by 3% in 2013, due to competition from electronic media. For the rest of Asia, the growth rate was just 1% - same as in 2012.

The theme of sustainability dominates any discussion on the future of pulp and paper industry. Companies strive hard to sustain their Green Initiatives to reduce the carbon foot-print across their businesses.

**Domestic :**

India's production in the year 2012-13 moved upto 11.7 million tonnes, while the consumption stood at 13.0 million tonnes.

This enabled India to maintain its position as the 11th largest producer of paper in the world. However, the Indian Paper Industry accounted for a meagre 3% of global paper demand. The per-capita consumption amounted to about 10 kgs which is significantly lower than the world average of around 58 kgs. India's per capita consumption is also lower than China's (42 kg), Indonesia's (22 kg), Malaysia's (25 kg), and of course USA's (312 kg) consumption levels. This indicates the ample scope available for expansion of the Indian Paper Industry.

While the market size and per capita consumption are relatively low, they have exhibited a rising trend over past several years, from 7.3 kg in 2008 to 10 kg in 2012, as per ICRA. The total paper consumption has grown at a CAGR of around 6% over last decade with none of the last ten years showing a decline in consumption demand. The long-term demand outlook for the Indian paper industry remains favourable, driven by increasing literacy levels, growth in print media (particularly in the vernacular languages), higher government spending on education sector, changing urban lifestyles, as well as economic growth. Given that these factors are likely to be sustained, the paper industry is likely to continue growing at a rate of 6-8% in the medium to long term, although there may be aberrant years given the cyclical nature of the industry.

The industry, however, is highly fragmented. As per industry sources, there are more than 1000 paper mills in operation in the country. Development Council for Pulp Paper and Allied Industry of Government of India, however, reckons that 759 Mills are in operation, producing nearly 11.70 million tonnes of paper, paper board and newsprint.

On the supply side, the industry saw significant capacity additions of 1.6 million tonnes during the Financial Year 2009 to Financial Year 2011 (~15% of domestic paper capacity in

Financial Year 2009) particularly in the Printing and Wrapping Paper segment. The bunching of these capacities resulted in over-supply scenario during the Financial Year 2011 and Financial Year 2012, as these incremental capacities could not be absorbed in the market. As a result, most players saw significant built-up of inventories as well as pricing pressures in Financial Year 2012. But with steady growth in demand, the market has now started absorbing these incremental supplies.

According to Poyry, India will witness highest annual growth of about 6.5% per annum while China's growth is projected to be in the order of 5.25%. Japan in the near term and North America may witness marginal or negative growth.

Amongst the various grades, Container Boards, Tissue Paper, followed by Carton Boards will witness higher rates of growth, while growth rate of Coated / Uncoated wood-free Paper is expected to be under 2%.

**(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 for export.
- ◇ qualified technical manpower with capability to manage world scale pulp and paper mills
- ◇ 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 plantations.

While so, the following competitive weaknesses and threats confront the Industry:

- ◇ 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 16 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 Indian 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 incentive for assimilation of eco-friendly technologies, etc.

The major players, alive to the emerging international threats, have been aggressively pursuing quality improvement programmes, coupled with cost rationalisations 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**

- ◇ While there has been some improvement in the availability of wood from within the State, unprecedented shortage of wood felt in the neighbouring State of Andhra Pradesh, which has been the primary sourcing point, the Andhra based mills and few upcountry mills had forced these mills to turn to Tamil Nadu for meeting, at least a part, of their shortfall. This has seriously affected the availability of wood for the Tamil Nadu based mills.

With this mismatch of supply and demand, price of casuarina wood has skyrocketed by over 60% in the last year, causing serious erosion in the profitability of operations. This trend is likely to continue for another 2 or 3 years and the Company may have to resort to import of wood logs / chips at higher prices, to sustain production.

The Company has taken steps to step-up production of clonal seedlings and bare-rooted seedlings by the Company's nursery, as well as by the Company sponsored nurseries, to support planting of Casuarina and Eucalyptus in about 7500 ha by farmers in Tamil Nadu.

- ◇ Continuous failure of monsoons resulting in scanty rainfall in the State of Tamil Nadu, has affected substantially planting of sugarcane. This has brought down, significantly, the crushing performance of sugar mills in the State, including by our Group Company, Ponni Sugars. Bagasse availability, consequently, has been significantly affected, at a time when severe shortage of wood is felt by the Company. Price of Bagasse from the co-operative and private Sugar Mills in Tamil Nadu who have surplus Bagasse, has shot up significantly

- ◇ 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 and currently. Such contingencies can recur in the future also. 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.
- ◇ 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 which softened from second half of 2008-09 are set to climb. Future profitability of the Company will be impacted substantially by price increases as well as by weakening of Indian Rupee.
- ◇ 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, effected to contain inflation, will impact the cost of future Projects and operating margins.
- ◇ Undue fluctuation in the exchange rate between Indian Rupee and US Dollar will impact the margins of the Company.
- ◇ 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.

**(v) Outlook for 2014-15 :**

**Global :**

Moody's Investors Service has down revised its outlook for the 'Global Paper and Forest Products Industry' to stable from positive. The

change in outlook reflects lower operating earnings growth for North American Paper Packaging Producers over the next 12 to 18 months.

According to Moody's the financial performance of North American companies typically drives their global outlook. Most of the North American operating earnings will come from US timberland and wood product companies, fueled by higher demand from the growing US housing market. Recent paper machine closures will result in a modest increase in uncoated free sheet prices in 2014 which will mitigate some of the decline in demand for paper caused by electronic media.

Continued decline in paper demand in Europe, with its 'over supply' position, will result in lower operating earnings for most European producers over the next year. Paper capacity, restarts, will also cause European Uncoated free sheets to fall, while recent coated free sheet capacity closures will lead to modest gain in prices of uncoated free sheets.

Operating income of Latin American Pulp Producers is expected to improve, given the additional pulp capacity and the local currency depreciation, offsetting lower international pulp prices. Paper demand will continue to grow in Latin America with the growing economy and literacy rates.

The popularity of the internet and smart phones has made serious inroads into the demand for print media. Stagnant or declining demand for paper in developed markets has forced all companies to take a fresh look at their operations. In the paper sector, the current trend in mature markets is to convert newsprint machines to paper board and packaging grades or to permanently idle machine or entire mills. In addition, this sector has been focusing on green technology, such as wood based bio-refineries and biofuels, hoping to boost income by diversifying revenue streams, such as energy generation from bio-mass and black liquor. Thus, so much of the installed capacity in the developed world requires significant re-investment.

RISI's forecast for the Asian Region anticipates improvements in the global and regional economies, which will help support advertising and commercial printing. This sector is expected to grow by 1.40% or a gain of about 650000 tonnes. The projected growth rates for China and Japan are 1.7% and 'negative' respectively.

While South Korea is expected to see a contraction in its growth rate by 3%, mainly due to inventory correction and fierce e-media competition, rest of the countries in the Asian Region are likely to record a 3% volume gain.

The latest RISI forecast for 2014 is cautiously optimistic that world paper demand growth will accelerate compared to the paltry gains posted over the last three years.

Part of this optimism is based on a better performance in the general economy, with both North America and Europe showing improvements. Even graphic paper usage is predicted to stabilise in the coming year after declining by nearly 2% annually over the last three years. The performance of packaging papers is also projected to improve. Overall world paper demand is expected to rise by 2.4% in 2014.

### **Domestic :**

ICRA expects " the paper industry to continue growing at the rate of 6-8% in the medium to long term, although there may be aberrant years given the cyclical nature of the industry. The low per capita consumption of paper provides tremendous potential for growth in paper demand. Further, the capacity addition programme has now come to an end and there has been a considerable slowdown in new project announcement and completion.

With the recent capacity additions coming to completion any fresh announcements is unlikely in the near term and with gestation period of 24-30 months for new capacities, supply side pressures have started easing. Assuming a moderate growth of 6% per annum, the market would expand by ~0.7 million tonnes annually which would be sufficient to absorb the new

capacities that will come up in the next 2-3 years. However, the favourable demand-supply dynamics may not immediately translate into higher profits for paper companies.

The cost for most of the key inputs is currently at a very high level and domestic coal and wood prices are still increasing at a rapid pace. The ability of the companies to pass on these costs will remain the key to profitability. Companies with better cost and capital structures and a diversified portfolio of products would be better placed to endure the pressures in the medium term".

India Ratings and Research (a Fitch Group Company) has revised the sector outlook to "negative to stable" for Financial Year 2015 from "negative" based on an expected moderation of supply side pressures with gradual absorption of the overcapacity created during the past few years. Improved ability to hike prices along with benefits from the recent capex should help sector companies in improving profitability amid moderating cost pressures.

The agency expects the overall sector demand to grow around 7-8% yoy in Financial Year 2015 with certain sub-segments witnessing higher growth rates than the overall industry. This will be on the back of changing lifestyles and strong growth in consumer-oriented sectors such as FMCG.

Inventory levels have been stabilising among industry players and reducing at distributors indicating moderating demand-supply imbalance. Ind-Ra's analysis of major sector companies indicate that despite high capacity use by paper companies, cumulative inventory levels grew at a meagre 2% yoy in Financial Year 2013 (Financial Year 2012: 31% yoy, Financial Year 2011: 14.7% yoy).

Ind-Ra also expects minimal capacity addition over the next two to three years. With no significant capacity addition in the next few years and gradual absorption of past over-capacity, demand supply dynamics is likely to become favorable for paper manufacturers.

Companies are likely to register a rise in operating margins in Financial Year 2015.

However, managing input costs would be the key for domestic paper manufacturers. Their profitability has suffered in the past due to rising domestic wood prices. Also, Rupee depreciation has increased the imported cost for raw materials such as pulp and coal. Paper companies have taken several measures to increase wood availability, including focusing on farm forestry and importing wood to reduce dependence on domestic wood sources. Although Rupee depreciation has minimised benefits from the latter measure, wood import by paper companies is likely to keep domestic wood prices in check.

Around 15% depreciation of the Rupee during 2013, although increased the imported cost of raw materials, benefitted certain segments such as coated paper and packaging board, where domestic prices are determined by import price parity. Sustenance of the Rupee at the current levels is likely to reduce competitive pressure from imports as witnessed in Financial Year 2013 with the overall sector imports declining 8.3% yoy (in USD terms).

The issues confronting the Industry currently are poor demand growth on the back of sluggish economy and appreciating Rupee opening the doors for imported papers to flood the market and destabilise the well established domestic paper distribution system.

Recent upward spurts in the strength of the Indian Rupee, if sustained will help in lowering the cost of both imported coal and imported wood chips, but will impact the operating capacity levels and the margins of domestic manufacturers substantially, with India becoming the dumping ground for overseas paper. Hence, near term concerns are serious and threatening.

As mentioned in the last year's report, the environmental footprint of the Indian Paper Industry has come under the critical scrutiny of the several (public and private) Indian and overseas environmental agencies who would like to transform the way pulp and paper industry operates.

These transformations include minimising paper consumption, maximising use of recycled paper in the furnish, sourcing of virgin fibre, and

adoption of cleaner pulping processes in the manufacture of paper.

Some Indian paper manufacturers will have to turn to environmentally friendly manufacturing processes and become responsible paper manufacturers. With a view to curtail the carbon emission, Government of India, have introduced the PAT (Perform, Achieve and Trade) Scheme, calling for significant reduction in energy usage by the Pulp and Paper Units in a specified time frame. Further, REC (Renewable Energy Certificate) Scheme requires the Indian Paper Industry to use a minimum percentage of bio-fuel in the fuel-mix.

These schemes, though appearing to be threats, provide great opportunities for the Paper Industry to significantly improve its carbon footprint and simultaneously augment their income through higher usage of Bio-fuels.

### **(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 achieved a Production of 1 78 272 tonnes, comprising Production of 1 1 8 197 tonnes at Unit : Erode and 60 075 tonnes at Unit : Tirunelveli.

The Unit : Erode also produced 18 177 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

The Company sold 1 77 917 tonnes, during the year, comprising of sales of 1 17 275 tonnes by Unit : Erode and 60 642 tonnes by Unit : Tirunelveli.

The Company exported 23 792 tonnes of Paper during the year, comprising of 13 388 tonnes from Unit : Erode and 10 404 from Unit : Tirunelveli. In US\$ terms the value worked out

to US\$ 18 946 080, equivalent to ₹ 11 540 lakhs. Exports to Nepal and Iran amounting to ₹ 690 lakhs.

Besides the above, the Company also sold 649 tonnes, under deemed exports and 97 tonnes under merchant exports whose proceeds amounted to ₹ 348 lakhs.

The Company continues to enjoy the 'Two Star Export House' Status.

The repayment of the Interest Free Deferral Loan has already commenced and during the year an amount ₹ 521 lakhs was repaid. The balance outstanding at the end of March 31, 2014 was ₹ 4 243 lakhs.

During the year, the Company earned a Total Revenue from Operations (net of Excise Duty and Excise Cess) of ₹ 101 613 lakhs, thus crossing ₹ 1000 crore mark, for the first time.

For the year 2013-14, the Profit Before Interest, Depreciation and Tax was ₹ 12 892 lakhs, for the Company.

After absorbing interest and depreciation of ₹ 3 871 lakhs and ₹ 4 897 lakhs, respectively, the Profit Before Tax was ₹ 4 124 lakhs, as compared to ₹ 1 647 lakhs, in the previous year.

The Profit before Tax for the year would have been much better but for the steep increase in prices of wood by nearly 70%, restrictions on power availability from State Grid and overall increase in prices of chemicals.

Due to availability of substantial carried forward unabsorbed depreciation on account of amalgamation of SPB Papers Limited, the Company was liable only to Minimum Alternate Tax (MAT). As the tax liability under the Regular Method is nil, the entire MAT is eligible to be carried forward as MAT Credit Entitlement for set off in future years. Consequently, the Current Tax Liability for the year is Nil.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of ₹ 1 445 lakhs has been transferred to Deferred Tax by debit to the Statement of Profit and Loss, as against transfer of ₹ 404 lakhs from Deferred Tax and credited to the Statement of Profit and Loss, in the previous year.

In the result, profit after tax for the year was ₹ 2 679 lakhs, as compared to ₹ 2 051 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.

Currently, the Company employs 1 468 persons of all ranks, in its two Units.

**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 eleven Directors, of whom eight Directors are Non Executive Directors of the Company. The Chairman, the Managing Director and the Deputy Managing Director & Secretary are the other three Directors who are in whole time employment of the Company.

The details are furnished hereunder:

<b>SI No.</b>	<b>Name of the Directors</b>	<b>No. of Shares held</b>	<b>Executive / Non Executive Director</b>	<b>Promoter / Independent / Nominee Director</b>
1	Sri N Gopalaratnam	9231	Chairman - Executive Director	Promoter Director
2	Sri Arun G Bijur	90	Non Executive Director	Non Independent Director
3	Sri Bimal Kumar Poddar	Nil	Non Executive Director	Non Independent Director
4	Sri R V Gupta, IAS (Retd.)	Nil	Non Executive Director	Independent Director
5	Sri Mohan Verghese Chunkath, IAS	Nil	Non Executive Director	Nominee of Tamilnadu Government Independent Director
6	Dr S Narayan, IAS (Retd.)	Nil	Non Executive Director	Independent Director
7	Mrs Philomina Thomas	Nil	Non Executive Director	Nominee of Life Insurance Corporation of India, Independent Director
8	Sri S K Prabakar, IAS	Nil	Non Executive Director	Nominee of TIIC as Equity Investor Independent Director
9	Sri V Sridar	Nil	Non Executive Director	Independent Director
10	Sri K S Kasi Viswanathan	582	Managing Director - Executive Director	Whole-time Director - Non Independent Director
11	Sri V Pichai	8539	Deputy Managing Director & Secretary - Executive Director	Whole-time Director - Non Independent Director



## SESHASAYEE PAPER AND BOARDS LIMITED

### Board Meetings :

During the year 2013-14, five Board Meetings were held on May 30, 2013, July 27, 2013, November 9, 2013, February 08, 2014 and March 22, 2014. The Annual General Meeting was held on July 27, 2013.

Attendance of each Director, at the Board Meetings held during the financial year 2013-14 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	5	5	Yes	--
2	Sri Arun G Bijur	5	5	Yes	--
3	Sri Bimal Kumar Poddar	5	4	--	Yes
4	Sri R V Gupta, IAS (Retd.)	5	5	Yes	--
5	Sri Mohan Verghese Chunkath, IAS	5	1	--	Yes
6	Dr S Narayan, IAS (Retd.)	5	4	Yes	--
7	Mrs Philomina Thomas	5	5	Yes	--
8	Sri S K Prabakar, IAS	5	--	--	Yes
9	Sri V Sridar	5	5	Yes	--
10	Sri K S Kasi Viswanathan	5	5	Yes	--
11	Sri V Pichai	5	5	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, 2014 :

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 Bimal Kumar Poddar	11 #	5 - Chairman 6 - Member	1	1 - Member
4	Sri R V Gupta, IAS (Retd.)	6	6 - Member	5	1 - Chairman 4 - Member
5	Sri Mohan Verghese Chunkath, IAS	4	1 - Chairman 3 - Member	--	--
6	Dr S Narayan, IAS (Retd.)	5 \$	5 - Member	2	2 - Member
7	Mrs Philomina Thomas	--	--	--	--
8	Sri S K Prabakar, IAS	9	9 - Member	1	1 - Member
9	Sri V Sridar	9 *	9 - Member	6	3 - Chairman 3 - Member
10	Sri K S Kasi Viswanathan	--	--	--	--
11	Sri V Pichai	3 +	3 - Member	--	--

@ Includes 1 Private Limited Company.

# Includes 3 Private Limited Companies.

\$ Includes 2 Private Limited Companies.

\* Includes 1 Private Limited Companies.

+ All 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 Banks, both interest and principal
- ◇ Payment of Government dues, such as Customs Duties, Excise Duties, Sales Tax, 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 2013-14, is furnished hereunder:

Sl 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
2	Sri Bimal Kumar Poddar	Non Independent Director	Member	5	5
3	Dr S Narayan, IAS (Retd.)	Independent Director	Member	5	4
4	Sri V Sridar	Independent Director	Member	5	5

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

#### 4 Nomination cum 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.)
- ◇ Sri Bimal Kumar Poddar
- ◇ Dr S Narayan, IAS (Retd.) and
- ◇ Sri V Sridar.

One meeting of the Nomination cum Remuneration Committee was held during the financial year 2013-14.

#### Remuneration to Non Whole-time Directors :

Remuneration to Non Whole-time Directors is paid, with the approval of the Board of Directors and Members of the Company in General Meeting.

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 ₹ 3 lakhs 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 2013-14 a sum of ₹ 5.90 lakhs was paid as Sitting Fee to all the Non Whole-time Directors. Further, a sum of ₹ 24 lakhs is payable, as Commission on Net Profits, for the financial year 2013-14. Details are furnished hereunder:

Sl No.	Name of the Non Whole-time Directors	Sitting Fee paid		Commission payable for 2013-14
		Board Meetings	Committee Meetings	
₹ Lakhs				
1	Sri Arun G Bijur	0.50	0.60	3.00
2	Sri Bimal Kumar Poddar	0.40	0.60	3.00
3	Sri R V Gupta, IAS (Retd.)	0.50	0.60	3.00
4	Sri Mohan Verghese Chunkath, IAS	0.10 <sup>@</sup>	--	3.00 <sup>@</sup>
5	Dr S Narayan, IAS (Retd.)	0.40	0.50	3.00
6	Mrs Philomina Thomas	0.50	--	3.00 <sup>\$</sup>
7	Sri S K Prabakar, IAS	--	--	3.00 <sup>*</sup>
8	Sri V Sridar	0.50	0.70	3.00
<b>Total</b>		<b>2.90</b>	<b>3.00</b>	<b>24.00</b>

\* Payable to The Tamilnadu Industrial Investment Corporation Limited.

@ Payable to Government of Tamilnadu.

\$ Payable to Life Insurance Corporation of India.

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

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

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

Remuneration to Chairman and Managing Director / Whole-time Director, for the financial year 2013-14 is as under:

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
₹ Lakhs			
Salary	24.00	19.80	19.80
Commission for the year	24.00	19.80	19.80
Contribution to:			
(i) Provident Fund	2.88	2.38	2.38
(ii) Superannuation Fund	3.60	2.97	2.97
(iii) Gratuity Fund	1.24	0.96	1.02
Other Perquisites	0.05	2.87	2.72
<b>Total</b>	<b>55.77</b>	<b>48.78</b>	<b>48.69</b>

### 5 Share Transfer and Shareholders / Investors Grievance Committee (since renamed as Stakeholders' Relationship Committee)

Name of the Non Executive Director heading the Committee :

Sri Arun G Bijur

Name and designation of Compliance Officer :

Sri V Pichai  
Deputy Managing Director & Secretary

Number of shareholders' complaints received during 2013-14 :

Nil

Number of complaints not solved to the satisfaction of shareholders :

Nil

Number of pending complaints as on March 31, 2014 :

Nil

## 6 Corporate Social Responsibility Committee (CSR)

The Company has constituted a Corporate Social Responsibility Committee (CSR) consisting of Sri N Gopalaratnam, Sri V Sridar, Sri K S Kasi Viswanathan and Sri V Pichai as its members. The Committee will formulate CSR Policy, recommend CSR Initiatives and monitor CSR expenditure.

## 7 General Body Meetings

Last three Annual General Meetings were held at 11.00 AM on July 23, 2011, July 28, 2012 and July 27, 2013, at the "Community Centre", SPB Colony, Erode 638 010.

There was a Special Resolution at the Annual General Meeting held on July 27, 2013, relating to approval for payment of remuneration by way of Commission to Non Whole-time Directors. There were no Special Resolutions in the Annual General Meetings held on July 23, 2011 and July 28, 2012.

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.

## 8 Disclosures

### (i) (a) Esvi International (Engineers & Exporters) Limited (ESVIN) :

ESVIN is a wholly owned subsidiary of our Company. It was involved in execution of projects both in India and outsider of India in the past. Currently, it holds properties and derives property income. Sri N Gopalaratnam and Sri Arun G Bijur who are Directors of our Company are on the Board of ESVIN. Sri N Gopalaratnam, Chairman of our Company is also the Chairman of ESVIN.

### (b) SPB Equity Shares Trust :

As per the Scheme of Amalgamation of SPB Papers Limited with our Company and approved by the Hon'ble High Court of Madras, the shares held by our Company in SPB Papers Limited on the Effective Date were transferred to SPB Equity Shares Trust. The Trustees of the Trust will hold the said shares in trust together with all additions and accretions thereto exclusively for the benefit of our Company.

(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

## 9 Compliance with Mandatory and Non-mandatory requirements

The Company complied with all mandatory requirements of Corporate Governance contained in SEBI Guidelines and Listing Agreement as on March 31, 2014.

The Company is in the regime of unqualified financial statements.

All material non-mandatory requirements will be addressed as and when need arises.

## 10 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](http://www.spbltd.com).

As per the directions of SEBI and the provisions of the Listing Agreements with the Stock Exchanges, the Company has created an exclusive e-mail ID, viz., [investor@spbltd.com](mailto:investor@spbltd.com) for redressal of investor grievances.

**11 Management’s Discussion and Analysis Report**

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

**12 CEO / CFO Certification**

CEO / CFO certification by Sri K S Kasi Viswanathan, Managing Director / Chief Executive Officer and Sri V Pichai, Deputy Managing Director & Secretary / Chief Financial Officer, as stipulated by Clause 49 of the Listing Agreement was placed before the Board of Directors at its meeting held on May 30, 2014.

**13 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 website of the Company, viz., [www.spbltd.com](http://www.spbltd.com).

**CEO Declaration :**

**DECLARATION**

I, K S Kasi Viswanathan, Managing Director / Chief Executive Officer 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/-  
(K S KASI VISWANATHAN)  
Managing Director /  
Chief Executive Officer

Chennai  
May 30, 2014

**14 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.

**15 Reconciliation of Share Capital Audit Reports**

Quarterly Reconciliation of Share Capital 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:

For the Quarter ended	Furnished on
30 06 2013	17 07 2013
30 09 2013	12 10 2013
31 12 2013	13 01 2014
31 03 2014	15 04 2014

**16 General Shareholder information**

- (i) AGM : Date, time and venue :  
10.15 AM  
Friday, July 25, 2014  
“Community Centre”, SPB Colony  
Erode 638 010, Tamilnadu.
- (ii) Financial Calendar (tentative and subject to change) :  
May 2014 :  
Audited results for 2013-14  
July 2014 :  
Annual General Meeting and First Quarter Results for 2014-15  
November 2014 :  
Second Quarter Results

February 2015 :

Third Quarter Results

March 2015 :

Review of Performance

May 2015 :

Audited Results for 2014-15

July 2015 :

Annual General Meeting and  
First Quarter Results for 2015-16.

(iii) Date of Book closure :

From July 17, 2014 to July 25, 2014 (both days inclusive).

(iv) Dividend Payment Date :

On declaration by the Members at the Fifty Fourth Annual General Meeting being held on July 25, 2014, the dividend will be paid on July 26, 2014.

(v) Listing on Stock Exchanges :

**(a) BSE Limited**

Floor 25, Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai 400 001

Ph: (91)(22)2272 1233 - 1234 (General)

Web Site: [www.bseindia.com](http://www.bseindia.com)

E-mail: [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

Fax: (91)(22)2272 2041 / 2272 3121

**(b) National Stock Exchange of India Limited**

“Exchange Plaza”

Bandra - Kurla Complex

Bandra (East)

Mumbai 400 051

Ph: (91)(22)2659 8235 - 8236

Web Site: [www.nseindia.com](http://www.nseindia.com)

E-mail: [cmliat@nse.co.in](mailto:cmliat@nse.co.in)

Fax: (91)(22)2659 8237 / 2659 8238

(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, 2015.

(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 BSE Limited.

## SESHASAYEE PAPER AND BOARDS LIMITED

(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 BSE Limited).

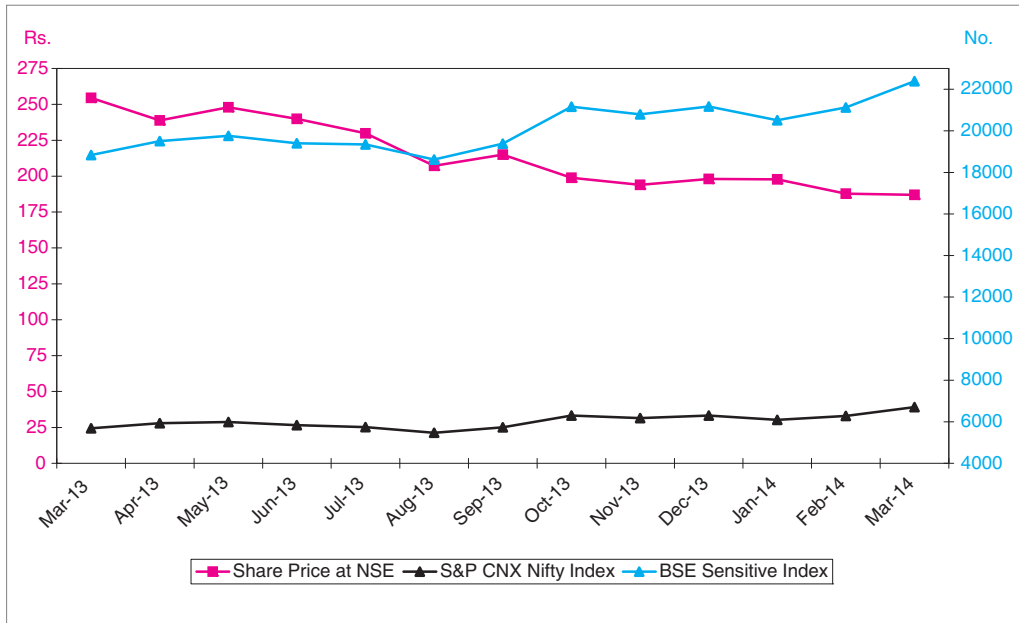
Month	BSE				National Stock Exchange			
	Share Price		Volume		Share Price		Volume	
	High ₹	Low ₹	No. of Shares	Value (₹ lakhs)	High ₹	Low ₹	No. of Shares	Value (₹ lakhs)
<b>2013</b>								
April	234.00	210.00	5047	11.19	238.90	214.05	16031	35.51
May	245.00	198.90	1166	16.94	248.00	200.10	21309	47.16
June	242.00	205.50	28383	61.15	239.90	206.05	25649	57.69
July	229.90	188.20	2814	5.92	229.85	190.10	29168	61.66
August	191.00	167.00	3944	6.90	207.25	165.75	11691	20.47
September	200.00	174.00	8736	16.57	214.95	173.00	12668	23.42
October	207.85	170.00	1899	3.47	198.90	170.00	2709	4.97
November	199.00	170.00	5042	9.10	194.00	168.00	2194	3.90
December	199.00	174.35	4241	7.66	198.00	175.00	4858	8.81
<b>2014</b>								
January	190.00	171.25	3472	6.30	197.80	169.80	4650	8.47
February	191.80	170.05	3856	6.62	187.90	170.00	5007	8.58
March	190.00	166.00	4993	8.71	187.00	167.50	9351	16.34



**16 General Shareholder information (Contd.)**

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

Please see the Chart for comparison of the Price movement of the Company's Shares with BSE Sensex and Nifty Index movement.



(x) Registrar and Transfer Agents, 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  
 E-mail: corpseiv@integratedindia.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 quicken the process of transfer of shares, the Deputy Managing Director & Secretary has been delegated with the powers to approve transfers, if the documents are in order.

**16 General Shareholder information (Contd.)**

(xii) Distribution of shareholding as on  
March 31, 2014 :

<b>Distribution</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>No. of Shares</b>	<b>% of Share holding</b>
1 - 100	8971	74.70	401856	3.19
101 - 200	1603	13.35	243544	1.93
201 - 500	941	7.83	301154	2.39
501 - 1000	252	2.10	188523	1.49
1001 - 5000	172	1.43	361730	2.87
5001 - 10000	31	0.26	227410	1.80
10001 and above	40	0.33	10889411	86.33
<b>Total</b>	<b>12 010</b>	<b>100.00</b>	<b>1 26 13 628</b>	<b>100.00</b>

(xiii) Pattern of shareholding as on  
March 31, 2014 :

<b>Category</b>	<b>No. of Shareholders</b>	<b>Voting strength %</b>	<b>No. of Shares held</b>
Individuals	11 681	21.50	27 11 892
Companies	203	40.86	51 53 569
FII's, NRIs, OCBs	104	19.25	24 27 823
Mutual Funds, Insurance Companies and Banks	16	0.02	2 968
FIs	6	18.37	23 17 376
<b>Total</b>	<b>12 010</b>	<b>100.00</b>	<b>1 26 13 628</b>

**16 General Shareholder information (Contd.)**

(xiv) Top 10 Shareholders of the Company as on March 31, 2014 :

Sl No.	Names	No. of Shares	%
1	The Tamilnadu Industrial Investment Corporation Limited	18 00 000	14.27
2	Ponni Sugars (Erode) Ltd	17 68 181	14.02
3	Synergy Investments Pte Ltd	15 47 695	12.27
4	Time Square Investments Private Ltd	13 40 406	10.63
5	Dhanashree Investments Private Ltd	5 83 604	4.62
6	Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust	5 68 181	4.50
7	Life Insurance Corporation of India	5 15 576	4.09
8	Coromandel Sugars Limited	4 74 463	3.76
9	Sri C K Pithawalla	4 74 043	3.76
10	Atyant Capital Management Ltd	3 86 128	3.06
	<b>Total</b>	<b>94 58 277</b>	<b>74.98</b>

(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, 2014, 95 89 050 shares, representing 76.02% of the total paid up Equity Share capital of the company, were held by 4 750 shareholders, under Demat.

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

NIL

(xvii) Plant Locations :

**Unit : Erode**

Pallipalayam  
Cauvery RS PO  
ERODE 638 007  
Namakkal District  
Tamilnadu

**Unit : Tirunelveli**

Elanthaikulam  
Singamparai Post  
Mukkudal (via)  
627 601  
Tirunelveli District  
Tamilnadu

(xviii) Address for correspondence :

Seshasayee Paper and Boards Limited  
Pallipalayam  
Cauvery RS PO  
Erode 638 007,  
Namakkal District,  
Tamilnadu

CIN : L21012TZ1960PLC000364

Ph : (91)(4288)240 221 - 228

Fax : (91)(4288)240 229

Email : edoff@spbltd.com  
investor@spbltd.com

Web Site : www.spbltd.com

## — SESHASAYEE PAPER AND BOARDS LIMITED —

**SURI & CO.,**  
CHARTERED ACCOUNTANTS

**M/s S VISWANATHAN**  
CHARTERED ACCOUNTANTS

**MAHARAJ N R SURESH & CO.,**  
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, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. 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.

**Suri & Co.,**  
Firm Regn. No. 004283S

**M/s S Viswanathan**  
Firm Regn. No. 004770S

**Maharaj N R Suresh & Co.,**  
Firm Regn. No. 001931S

**S Swaminathan**  
Membership No. 020583  
Partner  
Chartered Accountants

**Chella K Srinivasan**  
Membership No. 023305  
Partner  
Chartered Accountants

**N R Suresh**  
Membership No. 021661  
Partner  
Chartered Accountants

Chennai  
May 30, 2014

**SURI & CO.,**  
CHARTERED ACCOUNTANTS

**M/s S VISWANATHAN**  
CHARTERED ACCOUNTANTS

**MAHARAJ N R SURESH & CO.,**  
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
M/s SESHASAYEE PAPER AND BOARDS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **SESHASAYEE PAPER AND BOARDS LIMITED** which comprise of the Balance Sheet as at 31st March 2014, Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of Significant Accounting Policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of Accounting Policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of sub-

## SESHASAYEE PAPER AND BOARDS LIMITED

section (4A) of Section 227 of the Act, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

(2) As required by section 227(3) of the Act, we report that :

- (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement

dealt with by this report are in agreement with the books of account;

- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) on the basis of written representations received from the Directors as on 31st March 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

**Suri & Co.,**  
Firm Regn. No. 004283S

**M/s S Viswanathan**  
Firm Regn. No. 004770S

**Maharaj N R Suresh & Co.,**  
Firm Regn. No. 001931S

**S Swaminathan**  
Membership No. 020583  
Partner  
Chartered Accountants

**Chella K Srinivasan**  
Membership No. 023305  
Partner  
Chartered Accountants

**N R Suresh**  
Membership No. 021661  
Partner  
Chartered Accountants

Chennai  
May 30, 2014

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT :**

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date :

- (i) (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.
- (ii) (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.
- (iii) (a) The Company has not granted any loans, secured / unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) 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 Act.
- (iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and no major weakness has been noticed in the internal control system.
- (v) (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.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system commensurate with its size and nature of its business.
- (viii) 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.
- (ix) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable.

## SESHASAYEE PAPER AND BOARDS LIMITED

(b) Details of dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Value Added Tax, Customs Duty,

Excise Duty and Cess which have not been deposited as on 31st March 2014 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount ₹ lakhs	Forum where the dispute is pending	Period to which the dues belong
Central Excise Act, 1944	Excise Duty	269.76	CESTAT	February 2004 - March 2005
- do -	- do -	102.93	- do -	May 2005 - June 2007
- do -	- do -	42.51	- do -	February 2008 - December 2012
- do -	- do -	2.43	- do -	07.12.2008
- do -	- do -	12.36	- do -	April 2001 - June 2007
- do -	- do -	4.56	Hon'ble High Court of Madras	October - November 1996
Customs Act, 1962	- do -	2164.17	CESTAT	March 2012 - January 2013
Govt. of Tamilnadu Electrical Inspectorate	Generation Tax with interest	1840.21	Hon'ble Supreme Court of India	June 2003 - March 2013
Kerala Value Added Tax Act 2003	Sales Tax	0.69	Deputy Commissioner (Appeals)	2009-10

(x) The Company has no accumulated losses as at March 31, 2014 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.

(xi) 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.

(xii) The Company has granted a loan on the basis of security by way of pledge of shares and adequate documents and records for such loan has been maintained.

(xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society and hence, Clause (xiii) of Paragraph 4 of the Order is not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Term loans borrowed by the Company were applied for the purpose for which the loans were obtained.

(xvii) Funds raised on short term basis have not been used for long term investments.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.



## SESHASAYEE PAPER AND BOARDS LIMITED

(xix) The Company has not issued any debentures and hence, creation of charge does not arise.

(xx) 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.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**Suri & Co.,**  
Firm Regn. No. 004283S

**M/s S Viswanathan**  
Firm Regn. No. 004770S

**Maharaj N R Suresh & Co.,**  
Firm Regn. No. 001931S

**S Swaminathan**  
Membership No. 020583  
Partner  
Chartered Accountants

**Chella K Srinivasan**  
Membership No. 023305  
Partner  
Chartered Accountants

**N R Suresh**  
Membership No. 021661  
Partner  
Chartered Accountants

Chennai  
May 30, 2014

# SESHASAYEE PAPER AND BOARDS LIMITED

## BALANCE SHEET AS AT 31st MARCH 2014

	Note No.	As at 31-3-2014		As at 31-3-2013	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
(a) Share Capital	4	1261.36		1125.00	
(b) Reserves and Surplus	5	37151.53		35062.80	
(c) Shares Pending allotment		—		136.36	
		<u>38412.89</u>		<u>36324.16</u>	
<b>2 Non Current Liabilities</b>					
(a) Long Term Borrowings	6(a)	19310.62		19408.32	
(b) Deferred Tax Liabilities (net)	6(b)	9260.02		7815.13	
(c) Other Long Term Liabilities	6(c)	1464.00		1342.22	
(d) Long Term Provisions	6(d)	1453.20		1477.18	
		<u>31487.84</u>		<u>30042.85</u>	
<b>3 Current Liabilities</b>					
(a) Short Term Borrowings	7(a)	16365.02		17737.40	
(b) Trade Payables	7(b)	17665.06		19448.06	
(c) Other Current Liabilities	7(c)	4586.36		7309.18	
(d) Short Term Provisions	7(d)	838.02		803.28	
		<u>39454.46</u>		<u>45297.92</u>	
<b>Total</b>		<u>109355.19</u>		<u>111664.93</u>	
<b>II ASSETS</b>					
<b>1 Non Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	8(a)	66462.40		71059.12	
(ii) Intangible Assets	8(b)	151.85		178.95	
(iii) Capital Work-in-Progress	8(c)	909.33		244.79	
(b) Non Current Investments	8(d)	3199.44		2276.20	
(c) Long Term Loans and Advances	8(e)	2319.14		2200.42	
(d) Other Non-Current assets	8(f)	37.32		37.32	
		<u>73079.48</u>		<u>75996.80</u>	
<b>2 Current Assets</b>					
(a) Inventories	9(a)	11228.58		8712.59	
(b) Trade Receivables	9(b)	12045.21		9910.33	
(c) Cash and Bank Balances	9(c)	2958.73		7397.82	
(d) Short Term Loans and Advances	9(d)	9358.78		8843.67	
(e) Other Current Assets	9(e)	684.41		803.72	
		<u>36275.71</u>		<u>35668.13</u>	
<b>Total</b>		<u>109355.19</u>		<u>111664.93</u>	

Vide our report of date attached

For Suri & Co.,  
Firm Regn. No. 004283S  
S Swaminathan  
Membership No. 020583  
Partner  
Chartered Accountants  
Chennai  
May 30, 2014

For M/s S Viswanathan  
Firm Regn. No. 004770S  
Chella K Srinivasan  
Membership No. 023305  
Partner  
Chartered Accountants

For Maharaj N R Suresh & Co.,  
Firm Regn. No. 001931S  
N R Suresh  
Membership No. 021661  
Partner  
Chartered Accountants

N GOPALARATNAM  
Chairman  
V PICHAI  
Deputy Managing  
Director & Secretary

ARUN G BIJUR  
BIMAL KUMAR PODDAR  
Dr S NARAYAN  
PHILOMINA THOMAS  
V SRIDAR  
Directors  
K S KASI VISWANATHAN  
Managing Director

**SESHASAYEE PAPER AND BOARDS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014**

	Note No.	Year ended 31-3-2014		Year ended 31-3-2013	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>I Revenue from operations :</b>					
Sales and Other Operating Income	11	106674.56		87806.74	
Less : Excise Duty		<u>5336.87</u>		<u>4357.53</u>	
			101337.69		83449.21
<b>II Other Income</b>	12		275.11		416.66
<b>III Total Revenue (I + II)</b>			<u>101612.80</u>		<u>83865.87</u>
<b>IV Expenses :</b>					
(a) Cost of Materials Consumed	13		54436.15		40114.55
(b) Purchase of Stock-in-Trade	14		2766.42		2820.88
(c) Changes in inventories of Finished Goods, Work-in- Process and Stock-in-Trade	15		131.62		694.03
(d) Employee benefits expense	16		5605.45		5405.58
(e) Finance Costs	17		3870.82		4446.16
(f) Depreciation and Amortisation expense	8		4897.49		4914.48
(g) Other Expenses	18		25780.93		23823.19
<b>Total expenses</b>			<u>97488.88</u>		<u>82218.87</u>
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>			4123.92		1647.00
<b>VI Exceptional items</b>			0.00		0.00
<b>VII Profit before extraordinary items and tax (V - VI)</b>			4123.92		1647.00
<b>VIII Extraordinary items</b>			0.00		0.00
<b>IX Profit before Tax (VII - VIII)</b>			4123.92		1647.00
<b>X Tax Expense :</b>					
(a) Current Tax	19		0.00		0.00
(b) Deferred Tax	20		<u>1444.89</u>		<u>-404.37</u>
			<u>1444.89</u>		<u>-404.37</u>
<b>XI Profit for the period from continuing operations (IX - X)</b>			2679.03		2051.37

**SESHASAYEE PAPER AND BOARDS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014 (Contd.)**

	Note No.	Year ended 31-3-2014 ₹ lakhs	Year ended 31-3-2013 ₹ lakhs
<b>XI Profit for the period from continuing operations (IX - X)</b>		<b>2679.03</b>	2051.37
<b>XII Profit / Loss from discontinuing operations</b>		<b>0.00</b>	0.00
<b>XIII Tax expense of discontinuing operations</b>		<b>0.00</b>	0.00
<b>XIV Profit / Loss from discontinuing operations after tax (XII - XIII)</b>		<b>0.00</b>	0.00
<b>XV Profit for the period (XI + XIV)</b>		<u><b>2679.03</b></u>	<u>2051.37</u>
<b>XVI Earnings Per Equity Share :</b>			
(a) Basic	29	<b>21.24</b>	16.26
(b) Diluted	29	<b>21.24</b>	16.26

Vide our report of date attached

For Suri & Co.,  
Firm Regn. No. 004283S  
S Swaminathan  
Membership No. 020583  
Partner  
Chartered Accountants  
Chennai  
May 30, 2014

For M/s S Viswanathan  
Firm Regn. No. 004770S  
Chella K Srinivasan  
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For Maharaj N R Suresh & Co.,  
Firm Regn. No. 001931S  
N R Suresh  
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Dr S NARAYAN  
PHILOMINA THOMAS  
V SRIDAR  
Directors  
K S KASI VISWANATHAN  
Managing Director

## Notes forming part of the Balance Sheet as at 31st March 2014 and Statement of Profit and Loss for the year ended 31st March 2014.

### 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, less accumulated depreciation. 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 Finished Goods / 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 recognised as income or expense in the Statement of Profit and Loss.

Exchange difference, arising on forward contracts, is recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

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 Funds 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 (defined benefit plans) and other retirement benefits is worked out on actuarial basis at the end of the year and is provided.

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

**k) Depreciation**

Depreciation has been provided on Straight Line Method, in accordance with the provision 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 of 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.

**o) Taxes on Income**

Taxes on income are accrued in the same period as the revenue and expenses to which they relate. Taxes on income is accounted as per Accounting Standard AS-22 - "Accounting for Taxes on Income". Taxes on income includes, both Current Taxes and Deferred Taxes. Deferred taxes reflect the impact of current year timing differences between the taxable income and accounting income and reversal of timing differences of earlier years. Deferred Tax Assets are recognised only to the extent that there is virtual / reasonable certainty that sufficient future taxable income will be available.

**2 SEGMENT**

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

**3 REGROUPING OF FIGURES**

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

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014 ₹ lakhs	As at 31-3-2013 ₹ lakhs
<b>4 SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
4 00 00 000 - Equity Shares of ₹ 10 each	4000.00	4000.00
3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each	<u>3000.00</u>	<u>3000.00</u>
	<u>7000.00</u>	<u>7000.00</u>

### ISSUED, SUBSCRIBED AND FULLY PAID UP :

	Value ₹ lakhs	Value ₹ lakhs	Value ₹ lakhs	Value ₹ lakhs
As per last Balance Sheet:				
1 12 50 000 - Equity Shares of ₹ 10 each, fully paid up	1125.00		1125.00	
Allotted during the year:*				
13 63 628 - Equity Shares of ₹ 10 each, fully paid up pursuant to a Scheme of Amalgamation of SPB Papers Limited with the Company	<u>136.36</u>		<u>0.00</u>	
1 26 13 628 - Equity Shares of ₹ 10 each, fully paid up		<u>1261.36</u>		<u>1125.00</u>
<b>Total</b>		<u>1261.36</u>		<u>1125.00</u>

\*(issued for consideration other than cash)

### (i) Reconciliation of the shares outstanding at the beginning and at the end of the year :

	No. of Shares in lakhs	Value ₹ lakhs	No. of Shares in lakhs	Value ₹ lakhs
<b>Equity Shares :</b>				
At the beginning of the year	112.50	1125.00	112.50	1125.00
Add : Issued during the year	13.64	136.36	0.00	0.00
At the end of the year	126.14	1261.36	112.50	1125.00

### (ii) Details of shareholders holding more than 5% shares of the Company :

	No. of Shares in lakhs	% holding to Equity Capital	No. of Shares in lakhs	% holding to Equity Capital
(i) Tamilnadu Industrial Investment Corporation Limited	18.00	14.27	18.00	16.00
(ii) Synergy Investments Pte Limited	15.48	12.27	15.48	13.76
(iii) Ponni Sugars (Erode) Limited	17.68	14.02	12.00	10.67
(iv) Time Square Investments (P) Limited	13.40	10.63	11.72	10.42



## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014		As at 31-3-2013	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>5 RESERVES AND SURPLUS</b>				
<b>Capital Reserve</b>				
As per last Balance Sheet	3715.95		50.29	
Add: Addition during the Year	0.00		3665.66	
		3715.95		3715.95
<b>Securities Premium Account</b>				
As per last Balance Sheet		360.00		360.00
<b>Other Reserves :</b>				
<b>General Reserve</b>				
As per last Balance Sheet	27500.00		26500.00	
Add: Amount transferred from Surplus in Statement of Profit and Loss	2500.00		1000.00	
		30000.00		27500.00
<b>Surplus in Statement of Profit and Loss</b>				
Balance as per Statement of Profit and Loss of the previous year	3486.85		3025.78	
Profit for the year	2679.03		2051.37	
	6165.88		5077.15	
<b>Less :</b>				
- Transfer to General Reserve	2500.00		1000.00	
- Proposed Equity Dividend - Amount per Equity Share ₹ 4 (Previous year - ₹ 4 per Equity Share)	504.55		504.55	
- Tax on proposed Equity Dividend	85.75		85.75	
	3090.30		1590.30	
Net Surplus in Statement of Profit and Loss	3075.58		3486.85	
Total Reserves and Surplus	3715.53		35062.80	

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014 ₹ lakhs	₹ lakhs	As at 31-3-2013 ₹ lakhs	₹ lakhs
<b>6 NON CURRENT LIABILITIES</b>				
<b>(a) Long Term Borrowings</b>				
<b>(i) Term Loans from Banks - Secured</b>				
<b>Unit: Erode :</b>				
Working Capital Term Loan	2187.50		0.00	
Working Capital Term Loan, including its current maturities, is secured by hypothecation of Company's Captive Power Plant Assets of Boiler, Turbo Generator and their Auxiliaries at Unit-Erode.				
Terms of repayment :				
The Working Capital Term Loan is repayable in 8 equal quarterly installments of ₹ 312.50 lakhs each commencing from March 2015.				
Period and amount of continuing default : Nil				
<b>Unit: Tirunelveli :</b>				
Term Loan	13675.00		15298.00	
		15862.50		15298.00
Term Loan, including its current maturities is secured by :				
a) a charge, by way of mortgage of immovable properties of the company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit-Tirunelveli and				
b) hypothecation of movables, including movable plant and machinery and book debts of Unit-Tirunelveli.				
Terms of repayment :				
The loan is repayable in quarterly instalments of ₹ 541 lakhs from January 2014 to October 2015, ₹ 756.50 lakhs from January 2016 to October 2017, ₹ 865 lakhs from January 2018 to April 2019 and the balance ₹ 810 lakhs will be paid in July 2019.				
Period and amount of continuing default : Nil				
<b>Carried over</b>		15862.50		15298.00

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014 ₹ lakhs	As at 31-3-2013 ₹ lakhs
<b>Brought forward</b>	<b>15862.50</b>	15298.00
<b>(ii) Other Loans and Advances :</b>		
Interest Free Sales Tax Loan - Unsecured	3448.12	4110.32
Terms of repayment :		
Interest Free Sales Tax Deferral Loan is repayable over a period of ten years from 01 06 2013.		
Period and amount of continuing default : Nil		
	<b>19310.62</b>	19408.32
<b>(b) Deferred Tax Liabilities (net)</b>	<b>9260.02</b>	7815.13
Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in :	<b>9260.02</b>	7815.13
Current year      Upto 31-3-2014 ₹ lakhs                      ₹ lakhs		
- Depreciation      (+) 1369.38      (-) 9324.16		
- Others              (+) 75.51        (+) 64.14		
<b>- Total                (+) 1444.89      (-) 9260.02</b>		
<b>(c) Other Long Term Liabilities</b>		
Trade Payables :		
Security Deposit from Dealers	1464.00	1342.22
	<b>1464.00</b>	1342.22
<b>(d) Long Term Provisions</b>		
Provision for Employee Benefits	442.43	440.68
Provision for Generation Tax	1010.77	1036.50
	<b>1453.20</b>	1477.18

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014 ₹ lakhs	As at 31-3-2013 ₹ lakhs
<b>7 CURRENT LIABILITIES</b>		
<b>(a) Short Term Borrowings</b>		
(i) Working Capital Borrowings from Banks		
<b>Unit: Erode :</b>	<b>11436.16</b>	13607.73
Secured by :		
- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit: Erode and		
- second charge, by way of mortgage of immovable properties of of Unit-Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land, together with structures thereon and Captive Power Plant Assets) to the extent of ₹ 8500 lakhs		
<b>Unit: Tirunelveli :</b>	<b>4928.86</b>	4129.67
Secured by :		
- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit-Tirunelveli and		
- second charge, on the fixed assets of Unit: Tirunelveli.		
Period and amount of default : Nil		
	<b>16365.02</b>	17737.40
<b>(b) Trade Payables</b>		
Acceptances	<b>3794.62</b>	7726.80
Sundry Creditors	<b>13870.44</b>	11721.26
	<b>17665.06</b>	19448.06

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014		As at 31-3-2013	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<i>Notes :</i>				
The disclosure requirement, as required under Micro, Small and Medium Enterprises Development Act, 2006, is as follows :				
Principal amount due as on March 31		269.85		257.81
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
 <b>(c) Other Current Liabilities</b>				
Current maturities of long term loans		3271.40		6236.05
Interest accrued but not due on borrowings		63.18		94.94
Unclaimed dividend		71.84		68.64
		3406.42		6399.63
Others - Tax deducted / collected at source and Value Added Tax (remitted in April 2014)		1179.94		909.55
		4586.36		7309.18
 <b>(d) Short Term Provisions</b>				
Provision for Employee Benefits		247.72		212.98
Others :				
- Dividend Payable		504.55		504.55
- Tax on Dividend Payable		85.75		85.75
		590.30		590.30
		838.02		803.28

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014 ₹ lakhs	As at 31-3-2013 ₹ lakhs
<b>8 NON CURRENT ASSETS</b>		
<b>Fixed Assets</b>		
(a) Tangible Assets	<b>66462.40</b>	71059.12
(b) Intangible Assets	<b>151.85</b>	178.95
(c) Capital Work-in-Progress	<b>909.33</b>	244.79
	<b>67523.58</b>	71482.86

**Details :**

PARTICULARS	COST					DEPRECIATION		WRITTEN DOWN VALUE		
	As at 1-4-2013 ₹ lakhs	Additions ₹ lakhs	Deductions/ Adjustments ₹ lakhs	As at 31-3-2014 ₹ lakhs	Upto 31-3-2013 ₹ lakhs	For the Year ₹ lakhs	Withdrawn/ Adjustments ₹ lakhs	Upto 31-3-2014 ₹ lakhs	As at 31-3-2014 ₹ lakhs	As at 31-3-2013 ₹ lakhs
<b>(a) TANGIBLE ASSETS</b>										
LAND AND BETTERMENT BUILDINGS	409.77	7.60	0.00	417.37	0.00	0.00	0.00	0.00	417.37	409.77
- LEASEHOLD	20.51	0.00	0.00	20.51	6.02	0.33	0.00	6.35	14.16	14.49
- OTHERS	12571.85	134.03	0.00	12705.88	2371.65	403.16	0.00	2774.81	9931.07	10200.20
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	88630.57	397.74	1998.04	87030.27	28817.66	4383.95	1627.46	31574.15	55456.12	59812.91
FURNITURE & FIXTURES	613.84	36.00	1.82	648.02	303.82	30.51	1.41	332.92	315.10	310.02
VEHICLES	273.67	26.46	12.89	287.24	98.92	25.07	9.12	114.87	172.37	174.75
OFFICE EQUIPMENTS	560.63	48.61	45.07	564.17	423.65	27.13	42.82	407.96	156.21	136.98
	107291.46	650.44	2057.82	105884.08	36232.34	4870.15	1680.81	39421.68	66462.40	71059.12
PREVIOUS YEAR	76290.18	31146.45	145.17	107291.46	31451.26	4885.96	104.88	36232.34	71059.12	44838.92
<b>(b) INTANGIBLE ASSETS</b>										
TECHNICAL KNOW-HOW	258.60	0.00	0.00	258.60	85.83	25.86	0.00	111.69	146.91	172.77
COMPUTER SOFTWARE	21.70	0.24	0.00	21.94	15.52	1.48	0.00	17.00	4.94	6.18
	280.30	0.24	0.00	280.54	101.35	27.34	0.00	128.69	151.85	178.95
PREVIOUS YEAR	236.89	43.41	0.00	280.30	72.83	28.52	0.00	101.35	178.95	164.06
<b>(c) CAPITAL WORK-IN-PROGRESS-</b>										
AT COST								<b>909.33</b>		244.79
TOTAL	107571.76	650.68	2057.82	106164.62	36333.69	4897.49	1680.81	39550.37	67523.58	71482.86
PREVIOUS YEAR	76527.07	31189.86	145.17	107571.76	31524.09	4914.48	104.88	36333.69	71482.86	45574.28

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014 ₹ lakhs	₹ lakhs	As at 31-3-2013 ₹ lakhs	₹ lakhs
<b>(d) Non Current Investments</b>				
<b>NON-TRADE</b>				
IN EQUITY INSTRUMENTS - FULLY PAID :				
<i>Quoted:</i>				
2 65 830	Equity Shares of ₹ 2 each in Housing Development Finance Corporation Limited	7.09		7.09
2 500	Equity Shares of ₹ 2 each in HDFC Bank Limited	0.05		0.05
1 14 080	Equity Shares of ₹ 10 each in IDBI Bank Limited	91.07		91.07
2 82 911	Equity Shares of ₹ 10 each in High Energy Batteries (India) Limited	387.15		387.15
<i>Unquoted:</i>				
50 000	Equity Shares of ₹ 10 each in Agri Development Finance (Tamilnadu) Limited			
	As per last Balance Sheet	5.00		5.00
	Less: Sold during the year	5.00		0.00
		0.00		5.00
<b>TRADE</b>				
IN EQUITY INSTRUMENTS - FULLY PAID :				
<i>Quoted:</i>				
20 80 260	Equity Shares of ₹ 10 each in Ponni Sugars (Erode) Limited			
	As per last Balance Sheet	469.73		469.73
	Add: Purchased during the year	928.24		0.00
	(Previous year : No. of shares 18 35 260)			
		1397.97		469.73
1 00 000	Equity Shares of ₹ 10 each in Tamilnadu Newsprint and Papers Limited	106.70		106.70
	<b>Carried over</b>	1990.03		1066.79

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014		As at 31-3-2013	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Brought forward</b>		<b>1990.03</b>		1066.79
<b>TRADE</b>				
IN EQUITY INSTRUMENTS - FULLY PAID (Contd.) :				
Unquoted:				
25 000 Equity Shares of 100 each in Esvi International (Engineers & Exporters) Limited Wholly Owned subsidiary		<b>1203.00</b>		1203.00
Others				
4 100 Equity Shares of ₹ 10/- each in ESVIN Advanced Technologies Limited		<b>0.41</b>		0.41
50 000 Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited		<b>5.00</b>		5.00
10 000 Equity Shares of ₹ 10 each in OPG Energy Private Limited		<b>1.00</b>		1.00
		<u><b>3199.44</b></u>		<u>2276.20</u>
Aggregate amount of :				
Quoted Investments				
- Cost		<b>1990.03</b>		
- Market Value		<b>4887.68</b>		
Unquoted Investments		-		
- Cost		<b>1209.41</b>		
<b>(e) Long Term Loans and Advances</b>				
Capital Advances - Unsecured - Considered Good		<b>131.92</b>		24.64
Security Deposits - Unsecured - Considered Good		<b>437.22</b>		425.78
Other Loans and Advances :				
- Secured - Considered Good				
- Inter Corporate Loans		<b>500.00</b>		500.00
Unsecured - Considered Good				
- SPB Equity Shares Trust		<b>1250.00</b>		1250.00
		<u><b>1750.00</b></u>		<u>1750.00</u>
		<u><b>2319.14</b></u>		<u>2200.42</u>



## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014		As at 31-3-2013	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>(f) Other Non-Current Assets</b>				
In deposit Account with Bank				
- Offered as Security		37.32		37.32
(Maturity is more than 12 months)				
		37.32		37.32
<b>9 CURRENT ASSETS</b>				
<b>(a) Inventories</b>				
Raw Materials		4947.04		2475.19
Stores, Spares, Chemicals and others		5263.25		5087.49
Finished Goods		376.73		533.40
Stock-in-Trade		125.18		138.12
Stock-in-Process		516.38		478.39
[For method of valuation, please refer to Note No. 1(d)]		11228.58		8712.59
<b>(b) Trade Receivables</b>				
Secured - Considered Good :				
Exceeding six months		264.45		306.52
Other debts		1666.65		1300.10
		1931.10		1606.62
Unsecured - Considered Good :				
Exceeding six months		244.90		200.98
Other debts		9869.21		8102.73
		10114.11		8303.71
Doubtful :				
Exceeding six months		48.07		48.07
Less : Allowance for doubtful debts		48.07		48.07
		0.00		0.00
		12045.21		9910.33
<b>(c) Cash and Bank Balances</b>				
Cash and Cash Equivalents :				
- Cash on hand		23.42		14.87
Bank balances :				
- In Current Accounts		2862.17		7303.45
Other Bank Balances :				
- Unclaimed Dividend Account		71.84		68.63
- In Deposit Account offered as security		1.30		10.87
		2958.73		7397.82

## SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2014 ₹ lakhs	As at 31-3-2013 ₹ lakhs
<b>(d) Short Term Loans and Advances</b>		
Others :		
Secured - Considered Good		
- Inter Corporate Loans	100.00	100.00
Unsecured - Considered Good		
- Prepaid expenses	147.14	151.67
- Balances in Current Account with Central Excise Department and Port Trust	2524.15	1817.32
- Tax payments pending adjustments (net)	2035.74	2134.52
- MAT Credit Entitlement	3420.70	2572.27
- Others	1131.05	2067.89
	9358.78	8843.67
<b>(e) Other Current Assets</b>		
Others	684.41	803.72
	684.41	803.72
<b>10 Contingent Liabilities and Commitments not provided for</b>		
(i) Contingent Liabilities :		
(a) Claims against the Company not acknowledged as debts	3279.31	1538.86
(b) Guarantees	9.00	9.50
(ii) Commitments :		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	351.37	179.18
(b) Export obligation in respect of imports cleared under Export Promotion Capital Goods Scheme	37.75	3434.42
<b>11 Revenue from operations</b>		
(a) Sale of Paper and Paper Boards	101364.95	82804.36
(b) Sale of Note Books	787.28	819.66
(c) Sale of Stock-in-Trade	2874.62	3216.94
(d) Other Operating Income	1647.71	965.78
	106674.56	87806.74

## SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2014		Year ended 31-3-2013	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>12 Other Income</b>				
(a) Interest income		125.85		168.00
(b) Dividend Income		77.72		82.94
(c) Other Non Operating Income		71.54		165.72
		<u>275.11</u>		<u>416.66</u>
<b>13 Cost of Materials Consumed</b>				
(a) Raw Materials				
(i) Wood	19990.40		14424.80	
(ii) Bagasse	2323.18		1963.21	
(iii) Purchased Pulp	13846.74		8003.29	
(iv) Waste Paper	350.45		70.35	
	<u>36510.77</u>		<u>24461.65</u>	
Feeding and Other Charges	455.84		437.53	
		<b>36966.61</b>		24899.18
(b) Stores and Chemicals		15919.47		13836.06
(c) Packing Materials		1550.07		1379.31
		<u>54436.15</u>		<u>40114.55</u>
<b>14 Purchase of Stock-in-Trade</b>				
(a) Paper and Paper Boards		18.05		7.33
(b) Petroleum Products		2676.49		2610.89
(c) Others		71.88		202.66
		<u>2766.42</u>		<u>2820.88</u>
<b>15 Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade</b>				
Closing Stock :				
(a) Finished Goods	376.73		533.40	
(b) Stock-in-Trade	125.18		138.12	
(c) Stock-in-Process	516.38		478.39	
		<u>1018.29</u>		<u>1149.91</u>
Opening Stock :				
(a) Finished Goods	533.40		782.22	
(b) Stock-in-Trade	138.12		481.14	
(c) Stock-in-Process	478.39		580.58	
		<u>1149.91</u>		<u>1843.94</u>
		<u>131.62</u>		<u>694.03</u>

## SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2014		Year ended 31-3-2013	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>16 Employee benefits expense</b>				
(a) Salaries and Wages		4321.76		4136.52
(b) Contribution to Provident and other Funds		732.56		774.47
(c) Employee Welfare Expenses		551.13		494.59
		<u>5605.45</u>		<u>5405.58</u>
<b>17 Finance Costs</b>				
(a) Interest expense		3735.92		4385.82
(b) Other borrowing costs		118.44		48.30
(c) Net gain / loss on foreign currency transaction		16.46		12.04
		<u>3870.82</u>		<u>4446.16</u>
<b>18 Other Expenses</b>				
(a) Power and Fuel				
(i) Purchased Power	3721.97		3487.89	
(ii) Consumption of Fuel	10808.73		10459.62	
(iii) Generation Tax	225.57		478.86	
		<u>14756.27</u>		<u>14426.37</u>
(b) Rent		117.08		134.83
(c) Rates and Taxes		143.26		146.55
(d) Insurance		172.55		160.51
(e) Maintenance and Repairs				
(i) Buildings	381.61		273.35	
(ii) Plant and Machinery	2492.08		2146.44	
(iii) Others	197.10		172.40	
		<u>3070.79</u>		<u>2592.19</u>
(f) Selling and Distribution Expenses				
(i) Distributors' Commission	996.61		863.28	
(ii) Cash Discount	1534.91		1307.99	
(iii) Forwarding Charges	2824.96		2613.37	
		<u>5356.48</u>		<u>4784.64</u>
(g) Conversion Charges		502.38		351.44
(h) Office and Administrative Expenses		941.88		846.18
(i) Miscellaneous Expenses		720.24		380.48
		<u>25780.93</u>		<u>23823.19</u>

## SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2014		Year ended 31-3-2013	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>19 Current Tax</b>				
(a) Income Tax		0.00		0.00
(b) Minimum Alternate Tax	848.43		313.27	
(c) MAT Credit Entitlement	<u>-848.43</u>		<u>-313.27</u>	
		0.00		00.00
<b>20 Deferred Tax</b>				
On account of variation of allowances for tax purposes in :				
(a) Depreciation	1369.38		-215.53	
(b) Others	<u>75.51</u>		<u>-188.84</u>	
		1444.89		-404.37
<b>21 Payments to the Auditors</b>				
(included under Note No. 18)				
(a) As Auditor		18.00		12.00
(b) For taxation matters		3.30		0.70
(c) For Company Law matters		7.15		5.10
(d) For Other Services		0.68		0.34
(e) For Reimbursement of Expenses		<u>0.34</u>		<u>0.31</u>
		<u>29.47</u>		<u>18.45</u>

**22** Plant and Machinery on Lease to Others under Note No. 8 - 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.

## SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2014 ₹ lakhs		Year ended 31-3-2013 ₹ lakhs	
<b>23 Value of imports calculated on CIF basis</b>				
(a) Raw materials	13861.86		3028.68	
(b) Stores, Spares and Chemicals	8401.97		9984.99	
(c) Capital Goods	20.72		210.13	
<b>24 Expenditure in foreign currencies</b>				
(a) Travel	9.48		9.58	
(b) Export Commission	65.74		74.26	
(c) Others	149.39		0.00	
<b>25 Value of imported / indiegenous Raw material / Stores, Spares and Chemicals consumed</b>	<b>₹ lakhs</b>	<b>%</b>	<b>₹ lakhs</b>	<b>%</b>
(a) Raw materials :				
(i) Imported	13230.02	36.24	6833.64	27.94
(ii) Indiegenous	23280.75	63.76	17628.01	72.06
Total	<u>36510.77</u>	<u>100.00</u>	<u>24461.65</u>	<u>100.00</u>
(b) Stores, Spares and Chemicals :				
(i) Imported	12791.61	50.44	11962.70	46.52
(ii) Indiegenous	12566.79	49.56	13754.74	53.48
Total	<u>25358.40</u>	<u>100.00</u>	<u>25717.44</u>	<u>100.00</u>
[includes consumption of coal and other fuels ₹ 8216.48 lakhs under Power and Fuel (previous year ₹ 10383.04 lakhs), consumption of spares ₹ 1222.45 lakhs, under Repairs and Maintenance. (previous year ₹ 1498.34 lakhs)]				
<b>26 Amounts remitted in foreign currencies</b>				
(a) Dividends	61.91		77.38	
(b) No. of Non-resident shareholders	1		1	
(c) No. of shares held	1547695		1547695	
<b>27 Earnings in foreign exchange</b>				
(a) Export of goods on FOB basis	11585.09		10871.28	

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

**(i) Name of the Related Parties :**

- ◇ Sri N Gopalaratnam, Chairman and Managing Director
- ◇ Sri K S Kasi Viswanathan, Deputy Managing Director
- ◇ Sri V Pichai, Director (Finance) & Secretary
- ◇ Esvi International (Engineers & Exporters ) Limited (ESVIN)
- ◇ SPB Equity Shares Trust

**(ii) Description of relationship between the parties :**

Control.

**(iii) Transaction details :**

SI No.	Name of the related party	Transactions and amount during the year		Amount outstanding on 31-3-2014
			₹ lakhs	
a	Esvi International (Engineers & Exporters) Limited (ESVIN)			<b>Assets :</b> Investments in : 0.25 lakhs Equity Shares (100%)
b	SPB Equity Shares Trust	Dividend paid	22.73	<b>Assets :</b> Receivables: ₹ 1250 lakhs  <b>Liabilities :</b> 5.68 lakhs Equity Shares (4.50%)

## SESHASAYEE PAPER AND BOARDS LIMITED

### (iv) Remuneration to Chairman and Managing Director and other Whole-time Directors :

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
	₹ lakhs		
Salary	24.00	19.80	19.80
Commission	24.00	19.80	19.80
Contribution to :			
(i) Provident Fund	2.88	2.38	2.38
(ii) Superannuation Fund	3.60	2.97	2.97
(iii) Gratuity Fund	1.24	0.96	1.02
Other Perquisites	0.05	2.87	2.72
<b>Total</b>	<b>55.77</b>	<b>48.78</b>	<b>48.69</b>

	31-3-2014	31-3-2013
<b>29 Earnings per Share</b>		
Profit after Tax (₹ lakhs)	<b>2679.03</b>	2051.37
Weighted average number of Shares	<b>12613628</b>	12613628
Basic earning per share (₹)	<b>21.24</b>	16.26
Diluted earning per share (₹)	<b>21.24</b>	16.26

### 30 Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

- |                                                                                                                                                                                                                                       |                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 1) Name of the Subsidiary                                                                                                                                                                                                             | Esvi International<br>(Engineers &<br>Exporters) Limited  |
| 2) Number of shares held in the Company                                                                                                                                                                                               | 25,000 Equity Shares<br>of ₹ 100/- each, fully<br>paid up |
| 3) Percentage of holding in the Subsidiary Company                                                                                                                                                                                    | 100%                                                      |
| 4) The net aggregate amount of Profits/(Losses) of the Subsidiary Company so far as it concerns the Members of the Seshasayee Paper and Boards Limited which is not dealt with in the accounts of Seshasayee Paper and Boards Limited |                                                           |
| - For the financial year ended 31-3-2014 (₹ lakhs)                                                                                                                                                                                    | (-) 14.93                                                 |
| - For all the previous financial years since it became the subsidiary (₹ lakhs)                                                                                                                                                       | (-) 0.90                                                  |
| The net aggregate amount of Profits/(Losses) of the Subsidiary Company which has been dealt with in the accounts of Seshasayee Paper and Boards Limited                                                                               |                                                           |
| - For the financial year ended 31-3-2014                                                                                                                                                                                              | Nil                                                       |
| - For all the previous financial years since it became the subsidiary                                                                                                                                                                 | Nil                                                       |



## SESHASAYEE PAPER AND BOARDS LIMITED

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

	Unit : Erode Group Gratuity Scheme (Funded)		Unit : Tirunelveli Group Gratuity Scheme (Non Funded)		Unit : Erode Retirement benefit Scheme (Non Funded)	
	31-3-2014 ₹ lakhs	31-3-2013 ₹ lakhs	31-3-2014 ₹ lakhs	31-3-2013 ₹ lakhs	31-3-2014 ₹ lakhs	31-3-2013 ₹ lakhs
<b>(i) Changes in present value of obligations</b>						
Present Value of Obligations at the beginning of the year	1720.55	1482.70	22.90	11.14	131.82	134.57
Interest Cost	154.85	133.44	1.87	0.92	9.25	10.43
Current Service Cost	82.68	69.44	5.84	8.15	6.47	7.56
Benefits paid	298.90	275.21	0.55		29.60	26.60
Actuarial (Gain) / Loss on obligations	226.90	310.18	-4.91	2.69	-5.06	5.86
Present Value of Obligations at the end of the year	1886.08	1720.55	25.15	22.90	112.88	131.82
<b>(ii) Changes in the Fair Value of Plan Assets</b>						
Fair Value of Plan Assets at the beginning of the year	1720.55	1482.70	0.00		0.00	0.00
Expected Return on Plan Assets	136.23	125.61	0.00		0.00	0.00
Contributions	328.20	387.45	0.55		29.60	26.60
Benefits paid	298.90	275.21	0.55		29.60	26.60
Actuarial (Gain) / Loss on Plan Assets	0.00	0.00	0.00		0.00	0.00
Fair Value of Plan Assets at the end of the year	1886.08	1720.55	0.00		0.00	0.00
<b>(iii) Fair Value of Plan Assets</b>						
Fair Value of Plan Assets at the beginning of the year	1720.55	1482.70			0.00	0.00
Actual Return on Plan Assets	136.23	125.61			0.00	0.00
Contributions	328.20	387.45			29.60	26.60
Benefits paid	298.90	275.21			29.60	26.60
Fair Value of Plan Assets at the end of the year	1886.08	1720.55			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

## SESHASAYEE PAPER AND BOARDS LIMITED

### 31 Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards) Rules, 2006 (contd.)

	Unit : Erode Group Gratuity Scheme (Funded)		Unit : Tirunelveli Group Gratuity Scheme (Non Funded)		Unit : Erode Retirement benefit Scheme (Non Funded)	
	31-3-2014 ₹ lakhs	31-3-2013 ₹ lakhs	31-3-2014 ₹ lakhs	31-3-2013 ₹ lakhs	31-3-2014 ₹ lakhs	31-3-2013 ₹ lakhs
<b>(iv) Actuarial Gain / Loss recognised</b>						
Actuarial Gain / (Loss) for the year - Obligation	-226.90	-310.18	4.91	-2.69	5.06	-5.86
Actuarial Gain / (Loss) for the year - Plan Assets	0.00	0.00	0.00	0.00	0.00	0.00
Total (Gain) / Loss for the year	226.90	310.18	-4.91	2.69	-5.06	5.86
Actuarial (Gain) / Loss recognised in the year	226.90	310.18	-4.91	2.69	-5.06	5.86
<b>(v) Amounts to be recognised in the Balance Sheet and Statement of Profit and Loss</b>						
Present Value of Obligations at the end of the year	1886.08	1720.55	25.15	22.90	112.88	131.82
Fair Value of Plan Assets at the end of the year	1886.08	1720.55			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	-25.15	-22.90	-112.88	-131.82
<b>(vi) Expenses recognised in the Statement of Profit and Loss</b>						
Current Service Cost	82.68	69.44	5.84	8.15	6.47	7.56
Interest Cost	154.85	133.44	1.87	0.92	9.25	10.43
Expected Return on Plan Assets	136.23	125.61			0.00	0.00
Net Actuarial (Gain) / Loss recognised in the year	226.90	310.18	-4.91	2.69	-5.06	5.86
Expenses recognised in the Statement of Profit and Loss	328.20	387.45	2.80	11.76	10.66	23.85
<b>(vii) Actuarial Assumptions</b>						
Discount Rate	8.00%	8.00%	9.00%	8.25%	9.00%	7.90%
Expected return on Plan Assets	8.85%	9.40%			Not applicable	Not applicable
Salary increase	5.00%	5.00%	5.00%	5.00%	Not applicable	Not applicable

## SESHASAYEE PAPER AND BOARDS LIMITED

### 31 Disclosure as required under Accounting Standard (AS) 15 of The Companies (Accounting Standards) Rules, 2006 (contd.)

#### (viii) Experience Adjustments

	Present value of obligation	Plan Assets	Surplus / (Deficit)	Experience adjustments on Plan Liabilities (Loss) / Gain	Experience adjustments on Plan Assets (Loss) / Gain
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Unit : Erode</b>					
<b>(a) Group Gratuity Scheme :</b>					
<b>31-3-2014</b>	<b>1886.08</b>	<b>1886.08</b>	<b>0.00</b>	<b>226.90</b>	<b>0.00</b>
31-3-2013	1720.55	1720.55	0.00	310.18	0.00
31-3-2012	1482.70	1482.70	0.00	264.07	0.00
31-3-2011	1395.45	1395.45	0.00	280.25	0.00
31-3-2010	1167.29	1167.29	0.00	119.33	0.00
<b>(b) Retirement Benefit Scheme :</b>					
<b>31-3-2014</b>	<b>112.88</b>	<b>0.00</b>	<b>-112.88</b>	<b>-3.30</b>	<b>0.00</b>
31-3-2013	131.82	0.00	-131.82	-0.16	0.00
31-3-2012	134.57	0.00	-134.57	-16.52	0.00
31-3-2011	139.32	0.00	-139.32	-37.75	0.00
31-3-2010	108.85	0.00	-108.85	-17.13	0.00
<b>Unit : Tirunelveli</b>					
<b>(a) Group Gratuity Scheme :</b>					
<b>31-3-2014</b>	<b>25.15</b>	<b>0.00</b>	<b>-25.15</b>	<b>3.75</b>	<b>0.00</b>

Vide our report of date attached

For Suri & Co.,  
Firm Regn. No. 004283S  
S Swaminathan  
Membership No. 020583  
Partner  
Chartered Accountants  
Chennai  
May 30, 2014

For M/s S Viswanathan  
Firm Regn. No. 004770S  
Chella K Srinivasan  
Membership No. 023305  
Partner  
Chartered Accountants

For Maharaj N R Suresh & Co.,  
Firm Regn. No. 001931S  
N R Suresh  
Membership No. 021661  
Partner  
Chartered Accountants

N GOPALARATNAM  
Chairman  
V PICHAI  
Deputy Managing  
Director & Secretary

ARUN G BIJUR  
BIMAL KUMAR PODDAR  
Dr S NARAYAN  
PHILOMINA THOMAS  
V SRIDAR  
Directors  
K S KASI VISWANATHAN  
Managing Director

## SESHASAYEE PAPER AND BOARDS LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

	Year ended 31-3-2014		Year ended 31-3-2013	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before taxation		4123.92		1647.00
Adjustments for :				
<i>Add:</i>				
Assets discarded	322.38		31.03	
Depreciation	4897.49		4914.48	
Interest and financing charges	3854.36		4452.30	
		<u>9074.23</u>		<u>9397.81</u>
		13198.15		11044.81
<i>Less:</i>				
Income from Investments	77.72		82.94	
Profit / Loss on sale of Investments	1.19		-	
Profit / Loss on sale of assets	1.71		1.62	
Effect of changes in Foreign Currency Exchange Rate	-16.46		-12.04	
		<u>64.16</u>		<u>72.52</u>
Operating profit before working capital changes		13133.99		10972.29
Increase / Decrease in working capital:				
Increase / Decrease in Inventories	-2515.98		3810.85	
Increase / Decrease in Sundry Debtors	8911.58		3106.89	
Increase / Decrease in Other Current Assets	5947.58		6312.56	
Increase / Decrease in Liabilities and Provisions	-18167.56		-10558.02	
Effect of Scheme of Amalgamation	-		8478.46	
		<u>-5824.38</u>		11150.74
Income tax paid		<u>-749.65</u>		<u>-1197.76</u>
Net cash from operating activities		<u>6559.96</u>		<u>20925.27</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets		-1315.22		-1413.28
Acquisition of Fixed Assets on account of Amalgamation		-		-29450.06
Value of discarded assets		-322.38		-31.03
Sale / reduction in value of fixed assets		378.72		41.91
Income from Non-trade Investments		77.72		82.94
Purchase of Investments		-928.24		-1203.00
Sale of Investments		6.19		-
Net cash used in investing activities		<u>-2103.21</u>		<u>-31972.52</u>

## SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2014 ₹ lakhs	Year ended 31-3-2013 ₹ lakhs
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / decrease in Unsecured Loans	-662.20	-295.24
Increase / decrease in Loans to other Corporates	-	-500.00
Increase / Decrease of Term Loans	-2400.14	-3515.93
Increase / Decrease in Working Capital Borrowings	-1372.38	8053.48
Dividend and Dividend tax paid	-590.30	-653.75
Interest and financing charges paid	-3870.82	-6502.75
<b>Effect of Scheme of Amalgamation</b>		
Shares Pending Allotment on account of Amalgamation	-	136.36
Increase / Decrease of Term loan on account of Amalgamation	-	15300.00
Increase / Decrease in Working capital Borrowings on account of Amalgamation.	-	1869.58
Surplus on account of Amalgamation	-	3665.66
Net cash from financing activities	-8895.84	17557.41
Net increase / Decrease in cash and cash equivalents (I)	-4439.09	6510.16
Cash and cash equivalents as at 31-3-2013(II)	7397.82	648.96
Opening Cash and cash equivalent on account of Amalgamation (III)	-	238.70
Cash and cash equivalents as at 31-3-2014(I + II+III)	2958.73	7397.82

**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 Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to ₹ 6.65 lakhs (credit). (Previous year - ₹ NIL).
- 4 Figures for the previous year have been re-grouped wherever necessary.

Vide our report of date attached

For Suri & Co.,  
Firm Regn. No. 004283S  
S Swaminathan  
Membership No. 020583  
Partner  
Chartered Accountants  
Chennai  
May 30, 2014

For M/s S Viswanathan  
Firm Regn. No. 004770S  
Chella K Srinivasan  
Membership No. 023305  
Partner  
Chartered Accountants

For Maharaj N R Suresh & Co.,  
Firm Regn. No. 001931S  
N R Suresh  
Membership No. 021661  
Partner  
Chartered Accountants

N GOPALARATNAM  
Chairman  
V PICHAI  
Deputy Managing  
Director & Secretary

ARUN G BIJUR  
BIMAL KUMAR PODDAR  
Dr S NARAYAN  
PHILOMINA THOMAS  
V SRIDAR  
Directors  
K S KASI VISWANATHAN  
Managing Director

Financial Highlights - Ten years at a glance

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>For the year</b>										
Total Revenue	43260	47019	50553	54860	56199	53770	59721	64375	88223	106950
Total Expenditure	40306	42219	44207	46570	49479	41598	48079	54021	77216	94058
PBIT	2954	4800	6346	8290	6720	12172	11642	10354	11007	12892
Finance Costs	666	625	493	497	1700	2840	2165	2432	4446	3871
Depreciation	1128	1452	1483	1742	2629	3361	3400	3426	4914	4897
PBT	1160	2723	4370	6051	2391	5971	6077	4496	1647	4124
Tax expense	502	932	230	1472	888	1978	-423	1086	-404	1445
PAT	658	1791	4140	4579	1503	3993	6500	3410	2051	2679
EPS - ₹	5.85	15.92	36.80	40.70	13.36	35.49	57.78	30.31	16.26	21.24
Cash EPS - ₹	19.54	36.10	46.77	63.21	44.36	82.95	84.24	60.04	52.02	71.52
Dividend - %	18	25	35	40	35	60	50	50	40	40
<b>As at the year end</b>										
Gross Block	37198	38226	52499	69415	74367	75411	76498	77098	107817	107074
Net Block	22564	22435	35266	50453	52795	50578	48345	45574	71483	67524
Loan Funds	14720	12509	24378	34076	37042	32540	39755	21970	43477	39010
Net Worth	8958	10429	14108	18211	19253	22459	28305	31061	36324	38413
Book Value per Share - ₹	80	93	125	162	171	200	252	276	288	305

(₹ lakhs)





## SESHASAYEE PAPER AND BOARDS LIMITED

Regd. Office : Pallipalayam, Cauvery RS PO, Erode 638 007, Namakkal District, Tamilnadu

CIN : L21012TZ1960PLC000364

Form No. MGT-11

### PROXY FORM

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

Name of the Member (s) : .....

Registered Address : .....

E-mail ID : .....

Folio No. Client Id, DP ID : .....

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

1. Name : ..... Address: .....

E-mail ID : ..... Signature: .....

*or failing him,*

2. Name : ..... Address: .....

E-mail ID : ..... Signature: .....

*or failing him,*

3. Name : ..... Address: .....

E-mail ID : ..... Signature: .....

as my / our proxy to attend and vote (on a Poll) for me / us and on my / our behalf at the 54th Annual General Meeting of the Company, to be held on Friday, 25th July 2014, at 10.15 AM at "Community Centre", SPB Colony, Erode 638 010, Tamilnadu and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Description of Resolution	Special / Ordinary	Optional	
			For	Against
	<b>Ordinary Business :</b>			
1	Adoption of Accounts for the year ended March 31, 2014	Ordinary		
2	Declaration of Dividend for the year 2013-14	Ordinary		
3	Re-appointment of Sri Bimal Kumar Poddar, as Director who retires by rotation	Ordinary		
4	Appointment of Auditors	Ordinary		



Resolution No.	Description of Resolution	Special / Ordinary	Optional	
			For	Against
	<b>Special Business :</b>			
5	Appointment of Sri R V Gupta, IAS (Retd.) as an Independent Director	Ordinary		
6	Appointment of Sri V Sridar as an Independent Director			
7	Appointment of Dr S Narayan, IAS (Retd.) as an Independent Director	Ordinary		
8	Appointment of Sri N Gopalaratnam as Chairman with executive powers	Ordinary		
9	Appointment of Sri K S Kasi Viswanathan as Managing Director	Ordinary		
10	Appointment of Sri V Pichai as Deputy Managing Director & Secretary	Ordinary		
11	Payment of remuneration to Cost Auditor			
12	Borrowing powers under Section 180(i)(c) of the Companies Act, 2013	Special		
13	Powers to mortgage the assets of the Company under Section 180(1)(a) of the Companies Act, 2013	Special		

Signed this..... day of.....2014

Signature of shareholder



Signature of Proxy holder(s)

Note:

- 1 This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Meeting.
- 2 It is optional to put a "X" in the appropriate column against the Resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- 3 Please complete all details of Member(s) in the above box before submission.



# SESHASAYEE PAPER AND BOARDS LIMITED

CIN: L21012TZ1960PLC000364

Regd. Office: Pallipalayam, Namakkal District, Cauvery RS PO, Erode-638 007

## PART - I : STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ Lakhs)

Sl. No.	Particulars	3 months ended			Year ended	
		31 03 2014	31 12 2013	31 03 2013	31 03 2014	31 03 2013
<b>1</b>	<b>Income from Operations</b>	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	a) Net Sales / Income from operations (net of Excise Duty)	28254	24896	22822	99690	82483
	b) Other Operating Income	581	513	255	1648	966
	<b>Total Income from operations (net)</b>	<b>28835</b>	<b>25409</b>	<b>23077</b>	<b>101338</b>	<b>83449</b>
<b>2</b>	<b>Expenses</b>					
	a) Cost of Materials consumed	14977	13746	10585	54436	40115
	b) Purchase of of Stock-in-Trade	715	662	775	2766	2821
	c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	1393	420	1859	132	694
	d) Employee benefits expense	1237	1474	1381	5606	5406
	e) Depreciation and amortisation expense	1170	1246	1196	4897	4914
	f) Other expenses					
	(i) Cost of Power and Fuel	3615	3842	3539	14756	14427
	(ii) Others	2917	2845	2308	11025	9396
	<b>Total expenses</b>	<b>26024</b>	<b>24235</b>	<b>21643</b>	<b>93618</b>	<b>77773</b>
<b>3</b>	<b>Profit from Operations before Other Income, Finance Costs and Exceptional Items</b>	<b>2811</b>	<b>1174</b>	<b>1434</b>	<b>7720</b>	<b>5676</b>
4	Other Income	86	55	240	275	417
<b>5</b>	<b>Profit from Ordinary Activities before Finance Costs and Exceptional Items</b>	<b>2897</b>	<b>1229</b>	<b>1674</b>	<b>7995</b>	<b>6093</b>
6	Finance Costs	949	915	1048	3871	4446
<b>7</b>	<b>Profit from Ordinary Activities after Finance Costs but before Exceptional Items</b>	<b>1948</b>	<b>314</b>	<b>626</b>	<b>4124</b>	<b>1647</b>
8	Exceptional items	--	--	--	--	--
<b>9</b>	<b>Profit from Ordinary Activities before Tax</b>	<b>1948</b>	<b>314</b>	<b>626</b>	<b>4124</b>	<b>1647</b>
10	Tax expense	727	104	(-) 101	1445	(-) 404
<b>11</b>	<b>Net Profit from Ordinary Activities after Tax</b>	<b>1221</b>	<b>210</b>	<b>727</b>	<b>2679</b>	<b>2051</b>
12	Extra-ordinary items	--	--	--	--	--
<b>13</b>	<b>Net Profit for the period</b>	<b>1221</b>	<b>210</b>	<b>727</b>	<b>2679</b>	<b>2051</b>
14	Paid-up Equity Share Capital (Face value - ₹ 10)	1261	1261	1125	1261	1125
15	Reserves, excluding Revaluation Reserves, as per Balance Sheet of previous accounting year				37152	35063
<b>16</b>	<b>Earnings Per Share of ₹ 10 each</b> (not annualised)					
	Before Extra-ordinary items :					
	(a) Basic	9.68	1.66	5.76	21.24	16.26
	(b) Diluted	9.68	1.66	5.76	21.24	16.26
	After Extra-ordinary items :					
	(a) Basic	9.68	1.66	5.76	21.24	16.26
	(b) Diluted	9.68	1.66	5.76	21.24	16.26

**PART - II : SELECT INFORMATION FOR THE QUARTER AND  
YEAR ENDED MARCH 31, 2014**

Sl. No.	Particulars	3 months ended			Year ended	
		31 03 2014	31 12 2013	31 03 2013	31 03 2014	31 03 2013
<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>1</b>	<b>Public Shareholding :</b>					
	- Number of Shares	71 57 403	70 45 326	64 79 811	71 57 403	64 79 811
	- Percentage of Shareholding	56.74%	55.85%	57.60%	56.74%	57.60%
<b>2</b>	<b>Promoter and Promoter Group Shareholding :</b>					
	(a) Pledged / Encumbered :					
	- Number of Shares	0	0	0	0	0
	- Percentage of Shares <i>(as a % of the total shareholding of Promoter and Promoter Group)</i>	0	0	0	0	0
	- Percentage of Shares <i>(as a % of the total Share Capital of the Company)</i>	0	0	0	0	0
	(b) Non-encumbered :					
	- Number of Shares	54 56 225	55 68 302	47 70 189	54 56 225	47 70 189
	- Percentage of Shares <i>(as a % of the total shareholding of Promoter and Promoter Group)</i>	100%	100%	100%	100%	100%
	- Percentage of Shares <i>(as a % of the total Share Capital of the Company)</i>	43.26%	44.15%	42.40%	43.26%	42.40%

Sl. No.	Particulars	Quarter ended 31 03 2014
<b>B</b>	<b>INVESTOR COMPLAINTS</b>	
	- Pending at the beginning of the quarter	Nil
	- Received during the quarter	Nil
	- Disposed of during the quarter	Nil
	- Remaining un-resolved at the end of the quarter	Nil

**STATEMENT OF ASSETS AND LIABILITIES**

(₹ Lakhs)

Sl. No.	Particulars	As at 31 03 2014		As at 31 03 2013	
		(Audited)	(Audited)	(Audited)	(Audited)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>				
	<b>1 Shareholders' Funds</b>				
	(a) Share Capital	1261		1125	
	(b) Reserves and Surplus	37152		35063	
	(c) Shares pending allotment	0		136	
	<b>Sub-total - Shareholders' Funds</b>		<b>38413</b>		<b>36324</b>
	<b>2 Non Current Liabilities</b>				
	(a) Long Term Borrowings	19311		19409	
	(b) Deferred Tax Liabilities (Net)	9260		7815	
	(c) Other Long Term Liabilities	1464		1342	
	(d) Long Term Provisions	1453		1477	
	<b>Sub-total - Non Current Liabilities</b>		<b>31488</b>		<b>30043</b>
	<b>3 Current Liabilities</b>				
	(a) Short Term Borrowings	16365		17738	
	(b) Trade Payables	17665		19448	
	(c) Other Current Liabilities	4586		7309	
	(d) Short Term Provisions	838		803	
	<b>Sub-total - Current Liabilities</b>		<b>39454</b>		<b>45298</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>109355</b>		<b>111665</b>
<b>B</b>	<b>ASSETS</b>				
	<b>1 Non Current Assets</b>				
	(a) Fixed Assets	67524		71483	
	(b) Non Current Investments	3199		2276	
	(c) Long Term Loans and Advances	2319		2201	
	(d) Other Non Current Assets	37		37	
	<b>Sub-total - Non Current Assets</b>		<b>73079</b>		<b>75997</b>
	<b>2 Current Assets</b>				
	(a) Inventories	11229		8713	
	(b) Trade Receivables	12045		9910	
	(c) Cash and Cash Equivalents	2959		7398	
	(d) Short Term Loans and Advances	9359		8843	
	(e) Other Current Assets	684		804	
	<b>Sub-total Current Assets</b>		<b>36276</b>		<b>35668</b>
	<b>TOTAL - ASSETS</b>		<b>109355</b>		<b>111665</b>

**1RWHV:**

- The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
- The Company is engaged in the manufacture and sale of paper and paper boards. The Paper is the only reportable segment of operation of the Company.
- The increase in Share Capital is on account of issue of 13 63 628 Equity Shares to the Equity Shareholders of SPB Papers Limited (since amalgamated with Seshasayee Paper and Boards Limited) during the year, pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court of Madras.
- Figures have been re-grouped, wherever necessary, to conform to current quarter's / year's classification.
- The Board of Directors has recommended payment of dividend at ₹ 4 per Equity Share of ₹ 10 each for the year 2013-14.
- The above results were reviewed by the Audit Committee of the Board and approved by the Board of Directors at the respective meetings held on May 29, 2014 and May 30, 2014.

(By Order of the Board)

**For SESHASAYEE PAPER AND BOARDS LIMITED**

Place : Chennai  
Date : May 30, 2014

**N GOPALARATNAM**  
Chairman