

Seshasayee Paper and Boards Limited



Fifty Third Annual Report

2012-13

SESHASAYEE PAPER AND BOARDS LIMITED

DIRECTORS

Sri N GOPALARATNAM, *Chairman and Managing Director*

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, *Deputy Managing Director*

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

AUDITORS

Messrs SURI & CO., Chennai

Messrs S VISWANATHAN, Chennai

COST AUDITOR

Messrs S MAHADEVAN & CO., Coimbatore

BANKS

SYNDICATE BANK

CANARA BANK

CENTRAL BANK OF INDIA

UCO BANK

STATE BANK OF INDIA



REGD. OFFICE & WORKS

PALLIPALAYAM, CAUVERY RS PO

ERODE - 638 007, TAMIL NADU

SESHASAYEE PAPER AND BOARDS LIMITED


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NOTICE

 Notice is hereby given that the Fifty Third Annual General Meeting of the Members of the Company will be held at the Community Centre, SPB Colony, Erode 638 010, on Saturday, the July 27, 2013, at 11.00 AM, to transact the following business :

ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as at 31st March 2013, 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 To declare a dividend.
- 3 To appoint Directors, in the place of Dr S Narayan, IAS (Retd.), Sri K S Kasi Viswanathan and Sri V Pichai who retire by rotation and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT M/s Suri & Co., Firm Registration No. 004283S, Chennai and Messrs S Viswanathan, Firm Registration No. 004770S, Chennai, Chartered Accountants, the retiring Auditors be reappointed and M/s Maharaj N R Suresh & Co., Firm Registration No. 001931S, Chartered Accountants, Chennai be appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of ₹ 6 lakhs (Rupees Six lakhs only) to each of them together with Service Tax and Education Cess / Higher Education Cess, if any, in addition to

reimbursement of travelling and other out-of-pocket expenses actually incurred by them, in connection with the Audit.”

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

“RESOLVED THAT consent of the Company be and is hereby accorded, subject to the provisions of Sections 309, 310, 198 and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company and such other approvals, if any, as may be required and to the extent necessary, every Director, other than the Managing Director, Joint Managing Director, or any Whole time Director, may be paid, for a further period of five years, with effect from the financial year 2012-13, remuneration by way of commission on net profits or as participation in profits or partly by way of commission and partly otherwise, as the Board of Directors of the Company may determine from time to time and to be divided among such Directors, in such proportion, in such manner and subject to such ceilings, as the Board of Directors of the Company may decide from time to time, in addition to the sitting fee payable to such Directors, for attendance by them of the meetings of the Board / Committee of Directors, at a rate not exceeding such percentage, as may be permissible under Law, from time to time, out of the net profits of the Company, computed in the manner referred to in Section 198 (1) of the Companies Act, 1956”.

(By Order of the Board)

For Seshasayee Paper and Boards Limited

(V PICHAI)

Director (Finance) & Secretary

Chennai

May 30, 2013

Notes :

- 1 The relative Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business set out under items 4 and 5 is annexed hereto.

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- 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 Friday, the July 19, 2013, to Saturday, the July 27, 2013 (both days inclusive).
- 6 Dividend, if declared, will be paid to the Members whose names appear on the Register of Members as on July 27, 2013 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. As per the Scheme of Amalgamation approved by the Hon'ble High Court of Madras, the Shareholders of SPB Papers Limited who will be allotted Equity Shares in the Share Capital of our Company, are eligible for dividend for the full year of 2012-13.
- 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, 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 The amended provisions of the Companies Act, 1956, provide for Nomination facility to Members. Members are requested to write to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai, for more information, if any needed, on Nomination facility and / or to get a copy of Nomination Form.
- 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, Trichi 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 2004-05. The unpaid dividend for the financial year 2005-06 will be transferred to the above Fund during August 2013. 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 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 Email. For the above purpose, we request you to

send an Email confirmation to our designated ID investor@spbld.com 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 Email. Copies of the said documents would be available in the Company's website www.spbld.com 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.

(By Order of the Board)

For Seshasayee Paper and Boards Limited

(V PICHAI)

Director (Finance) & Secretary

Chennai

May 30, 2013

EXPLANATORY STATEMENT

(As required under Section 173(2) of the Companies Act, 1956)

Item No. 4

In view of the increased volume and activities of the Company with the amalgamation of SPB Papers Limited (now Unit: Tirunelveli), the Board of Directors, taking into consideration the expanded sphere of operations, considered it necessary to appoint M/s Maharaj N R Suresh & Co., Chennai, as Auditors of the Company along with M/s Suri & Co., Chartered Accountants, Chennai and Messrs S Viswanathan, Chartered Accountants, Chennai, the Retiring Auditors who are being re-appointed at this meeting. M/s Maharaj N R Suresh & Co., were the Statutory Auditors of SPB Papers Limited which has since been amalgamated with our Company.

Your Directors recommend the said appointment.

It is proposed to pass the above Resolution as an Ordinary Resolution.

None of the Directors is interested in this Resolution.

Item No. 5

The Members of the Company last approved payment of commission to Non Whole-time Directors, at the Forty Seventh Annual General Meeting held on July 28, 2007, for a period of five years, from 2007-08. The Central Government had also accorded approval for the said payment of commission to Non Whole-time

Directors, for a period of five years, from the financial year 2007-08.

The validity of the said approval is over with the financial year 2011-12. It is thought fit that the payment of remuneration to Non Whole-time Directors be continued for a further period of five years from the financial year 2012-13.

The continuance of the said payment 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. The requirement of getting this approval of Central Government has been dispensed with, vide circular dated 4th March 2011, issued by the Ministry of Corporate Affairs, Government of India.

All the Directors, other than the Chairman and Managing Director and two Whole-time Directors, may be deemed to be concerned or interested in the Resolution, to the extent of the amount of remuneration by way of commission that may be received by them, from time to time.

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

(V PICHAI)
Director (Finance) & Secretary

Chennai
May 30, 2013

Appointment of Directors :

Disclosure under Clause 49 of the Listing Agreement :

Dr S NARAYAN, I A S (Retd.) :

Date of birth and age	:	20 06 1943 (69 years)
Date of appointment	:	18 01 2007
Expertise in specific functional areas	:	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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

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

SRI K S KASI VISWANATHAN :

Date of birth and age	:	28 03 1951 (62 years)
Date of appointment	:	January 29, 2005
Expertise in specific functional areas	:	He is a Chemical Engineer (B Tech. from the Regional Engineering College, Tiruchi) and MMS from University of Madras. He has to his credit nearly 38 years of Industrial experience, majority of which has been with the SPB Group companies. He has gained excellent exposure in management of integrated paper mills, besides project implementation. He is largely responsible for the efficient operations of the Mill. He is in charge of production operations, Project implementation and Human Resources Development. He reports to the Chairman and Managing Director.
Qualification	:	B. Tech., MMS
Number of shares held in the Equity Capital of the Company	:	492
Relationship with other Directors	:	He is not related to any other Director.
Directorship in other companies	:	Nil
Committee / executive positions held in other companies	:	Nil

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SRI V PICHAI :

Date of birth and age	:	12 09 1947 (65 years)
Date of appointment	:	January 29, 2005
Expertise in specific functional areas	:	<p>He is a Chartered Accountant and a Company Secretary. His qualifications are B. Com., ACA, ACS and CAIIB. He has to his credit nearly 43 years of experience. After a short stint of 7 years in a nationalised Bank, he joined the Company in 1980. He has completed nearly three decades of service in the Company. He has managed admirably various functional areas of the Company, viz., Accounts, Finance, Legal, Taxation, Secretarial, etc.</p> <p>He is in charge of the Finance, Accounts, Taxation, Legal and Secretarial functions of the Company. He reports to the Chairman and Managing Director.</p>
Qualification	:	B.Com., ACA, ACS, CAIIB
Number of shares held in the Equity Capital of the Company	:	8449
Relationship with other Directors	:	He is not related to any other Director.
Directorship in other companies	:	Director : Dhanashree Investments Private Limited Time Square Investments Private Limited Ultra Investments and Leasing Company Private Limited
Committee / executive positions held in other companies	:	Nil

DIRECTORS' REPORT

7 The Directors hereby present their Fifty Third Annual Report and the Audited Accounts for the year ended 31st March 2013.

As informed in last year's Directors' Report, taking into consideration the advantages, the Board of Directors of both SPB Papers Limited (SPBPL) and our Company (SPB) formulated and approved a Scheme of Amalgamation for the transfer and vesting of the Undertaking of SPBPL with and into SPB, pursuant to the

provisions of Section 391 to 394 and other relevant provisions of the Companies Act, 1956.

On the Company Petition filed by both the Companies, the Hon'ble High Court of Madras has since accorded approval for the said Scheme of Amalgamation with effect from April 01, 2012.

Both the Companies have accepted the order of the Hon'ble High Court and filed necessary returns with the Registrar of Companies.

Accordingly, the accounts for the year ended March 31, 2013 have been prepared taking into account the operations of SPB Papers Limited which has since been dissolved

WORKING RESULTS

	2012-13 Unit: Erode (Actuals) (in tonnes)	2012-13 Unit: Tirunelveli (Actuals) (in tonnes)	2012-13 Total (Actuals) (in tonnes)	2011-12 (Actuals) (in tonnes)
	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)	(₹ lakhs)
Production	119366	50072	169438	118282
Sales	120023	50056	170079	117522
Revenue from Operations				
Sales and Other Operating Income	64533	23544	88077	63912
Less: Excise Duty and Excise Cess	3614	1108	4722	2770
	60919	22436	83355	61142
Other Income	408	103	511	463
Total Revenue	61327	22539	83866	61605
Profit before interest, depreciation and tax	10717	290	11007	10354
Finance Cost	2067	2379	4446	2432
Depreciation	3468	1446	4914	3426
Profit before tax	5182	(-) 3535	1647	4496
Provision for current tax			0	1168
Transfer from Deferred Tax			(-) 404	(-) 82
Net Profit			2051	3410

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DIVIDEND

The Directors recommend payment of Dividend at ₹ 4 per Equity Share, absorbing a sum of ₹ 504.55 lakhs.

As per the Scheme of Amalgamation approved by the Hon'ble High Court of Madras, the shareholders of SPB Papers Limited who will be allotted Equity Shares in the Share Capital of our Company, are eligible for dividend for the full year of 2012-13.

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 ₹ 85.75 lakhs.

APPROPRIATIONS

Your Directors propose the following appropriations:

	2012-13 (₹ lakhs)
Net profit for the year	2051
<i>Add :</i>	
Surplus brought forward from the previous year	3026
	5077
<i>Less :</i>	
Transfer to General Reserve	1000
Proposed dividend and tax thereon	590
	1590
Balance carried forward	3487

OPERATIONS

PRODUCTION

During the year, the Unit : Erode's production was 1 19 366 tonnes, as compared to 1 18 282 tonnes, produced in the previous year. The production was marginally higher by 1 084 tonnes compared to the previous year. This could be achieved despite severe restrictions on power availability imposed by the State Government.

The Unit : Erode also produced 21 851 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

The Unit : Tirunelveli produced 50 072 tonnes Paper during the year, as compared to 36 069 tonnes produced in the previous year.

The overall Production for the Company was 1 69 438 tonnes of Paper and Boards for the year.

SALES

During the year, the Unit : Erode sold 1 19 163 tonnes, against its production of 1 19 366 tonnes. While the entire paper produced had been sold and zero stock was achieved at the end of the financial year, nearly 404 tonnes of converted Note Books remained in stock for disposal during the ensuing school season.

In addition, the Unit : Erode, as part of its trading activity, had bought 287 tonnes of paper, board, etc., and sold 860 tonnes, including out of opening stock of 798 tonnes, whose turnover amounted to ₹ 204 lakhs and sold petroleum products valued at ₹ 2 665 lakhs. Closing Stock of Traded Goods was 225 tonnes as on March 31, 2013.

The Unit : Tirunelveli sold 50 056 tonnes during the year.

The overall sale of Paper and Paper Board effected by the Company during the year was 1 70 079 tonnes.

PROFITABILITY

The Revenue from Operations of Unit : Erode was ₹ 64 533 lakhs, for the year 2012-13, compared to ₹ 63 912 lakhs, during the previous year. The Revenue from Operations registered a marginal increase of ₹ 621 lakhs, compared to the previous year. The increase in Revenue from Operations was mainly on account of higher production and increase in prices of paper effected during the second half of the financial year.

The Revenue from Operations of Unit : Tirunelveli was ₹ 23 544 lakhs.

The overall Revenue from Operations of the Company, net of Excise Duty for the year was ₹ 83 866 lakhs.

The Profit before interest, depreciation and tax was ₹ 11 007 lakhs for the Company as a whole, compared to ₹ 10 354 lakhs, in the previous year.

After absorbing interest and depreciation of ₹ 4 446 lakhs and ₹ 4 914 lakhs, respectively, the profit before tax was ₹ 1 647 lakhs, as compared to ₹ 4 496 lakhs, in the previous year.

The overall Profit before Tax for the year registered a steep fall due to steep increase in prices of wood by more than 30% and the effect of amalgamation of SPB Papers Limited with the Company with effect from April 01, 2012.

Due to substantial business loss and carried forward 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 ₹ 404 lakhs has been transferred from Deferred Tax and credited to the Profit and Loss Account, as against transfer of ₹ 82 lakhs, in the previous year.

In the result, profit after tax for the year was ₹ 2 051 lakhs, as compared to ₹ 3 410 lakhs, in the previous year

FINANCE

The Unit : Erode paid the instalments of the Term Loans and the interest dues on Term Loans and Working Capital Limits, on or before the respective due dates. Unit : Tirunelveli paid the interest dues on or before the due dates on Term Loans and Working Capital Limits. There were no instalments of Term Loan payable during the year for Unit : Tirunelveli.

INTEREST FREE SALES TAX DEFERRAL SCHEME

During the year 2012-13, the Company availed ₹ 358 lakhs under the Scheme and the cumulative amount availed, upto March 31, 2013, was ₹ 4764 lakhs. .

MARKET CONDITIONS

The year commenced with a negative outlook for the paper industry. Demand in the notebook segment had come down, due to announcement of free notebook distribution scheme by the Government of Tamil Nadu for Government and Government aided schools. Most of the major notebook manufacturers found themselves saddled with huge stocks and the smaller converters cancelled pending orders. With the educational sector peak flattening out by the end of June 2012, the outlook for the balance period of the financial year was not positive.

On the export front, during the months of April and May 2012, buoyancy continued, but from mid June 2012 onwards, the market started sliding.

From the third quarter onwards, there was some improvement in paper market conditions. The continued power shortage in Tamil Nadu and Andhra Pradesh, coupled with the weak Rupee ensured a very limited flow of material from the recycled paper mills in South India to the market. Commencement of finalisation of Text Book tenders by various State Governments had its impact in North and West, limiting flows to the market. Thus, A grade Mills were not compelled to offer further discounts, other than what was offered in Maplitho Products in August 2012, which continued in September 2012.

From October 2012, the impact of cost push was severe. Prices of Wood and Chemicals had shown an increasing trend from the end of second quarter. This forced the Mills to effect price revisions to offset the cost escalations, which were accepted by the market without much resistance.

Power position, throughout the year, was bleak in the Southern States and is not likely

to improve, till the onset of the monsoon. Hence, supplies from the smaller mills are likely to be restricted. Also Text Books and Student Exercise Notebooks segment is showing marked preference for A Grade Papers.

No new capacities are to be commissioned in the immediate future, except for a new machine (1 50 000 tpa) during the end of second quarter. This may help in sustaining the demand and prices in the market, during the current year.

EXPORT PERFORMANCE

The Unit : Erode exported 15 314 tonnes, including export of 1 015 tonnes of paper and paper boards to Nepal and Iran during the year, as compared to 10 533 tonnes, during 2011-12. The exports accounted for about 12.83% of total production.

The export proceeds amounted to US \$ 12 410 486. In Rupee terms, the value of exports amounted to ₹ 7 204 lakhs, including value of exports to Nepal and Iran amounting to ₹ 452 lakhs, as compared to ₹ 4 620 lakhs, during the previous year.

Besides the above, the Unit : Erode also sold 268 tonnes, under deemed exports whose proceeds amounted to ₹ 133 lakhs.

The Unit : Tirunelveli exported 9 812 tonnes of Paper during the year, accounting for 19.60% of Production. The export proceeds amounted to US\$ 7 124 963. In Rupee terms the value of exports amounted to ₹ 4 345 lakhs, including value of exports to Iran amounting to ₹ 453 lakhs.

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 11 263 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 which facilitates management of Occupational Health and Safety risks associated with the business of the organisation.

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION

Scientific Certification Systems (SCS), who is accredited by the FSC, has awarded to the Company the Forest Stewardship Council (FSC) Certification, valid till May 2015. FSC is an international certification and labeling system that guarantees that paper and wood products carrying the FSC label come from environmentally and socially responsible sources.

AWARDS

Safety

Safety Awards, for the year 2008, 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 - Third Prize
- ◇ For Lowest Weighted Frequency Rate in accidents when compared to other industries coming under the same classification and group - Third Prize
- ◇ For longest accident free period in man hours - Second 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, 2013, 4 910 Members were holding their shares in demat form and 87 72 550 Equity Shares, representing 77.98% of the total Paid up Equity Share Capital of the Company, have been dematerialised.

SUBSIDIARY

During the year, the Company acquired 100% of the Equity of Esvi International (Engineers & Exporters) Limited (Esvin) thereby making it a wholly owned subsidiary of the Company. Esvin was involved in execution of projects, both in India and outside of India, in the past. Currently, it holds properties and derives property income

CURRENT YEAR (2013-14)

In Unit : Erode, the production during April 2013, was 9 558 tonnes as compared to 10 345 tonnes, produced during April 2012. In Unit : Tirunelveli, the Production was 3 654 tonnes in April 2013. The overall Production for the month of April 2013, for the Company was 13 212 tonnes.

Total Revenue (net of Excise Duty and Cess), during April 2013 amounted to ₹ 4 479 lakhs, for Unit: Erode, compared to ₹ 3 896 lakhs, during April 2012. For Unit: Tirunelveli, the Total Revenue and (net of Excise Duty and Cess) amounted to ₹ 1 364 lakhs for April 2013. The overall Total Revenue for the month of April 2013, for the Company was ₹ 5 843 lakhs.

During April 2013, 270 tonnes of paper, valued at US \$ 2 28 156 (equivalent to ₹ 133 lakhs) were exported by both Erode and Tirunelveli units.

Market sentiments were favourable during April 2013.

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 had enabled the Mill to enhance its environmental performance and 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.

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, 2013 and of the profit of the Company for the said period.

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors have prepared the financial statements on a "going concern" basis..

CORPORATE GOVERNANCE

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

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

Further, as required by Clause 49 of the Listing Agreement, a Certificate, duly signed by the Chairman and Managing Director and Director (Finance) & Secretary, was submitted to the Board of Directors on the financial statements and cash flow statement of the Company for the year ended March 31, 2013 at the meeting held on May 30, 2013.

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 2012-13, none of the employees of the Company was in receipt of remuneration, in excess of the limit prescribed in Sub-section (2A) of Section 217 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

Dr S Narayan, IAS (Retd.), Sri K S Kasi Viswanathan and Sri V Pichai retire by rotation, under Article 104 of the Articles of Association of the Company at the conclusion of the ensuing Fifty Third Annual General Meeting and being eligible offer themselves for re-election at the said Meeting.

During the year, The Tamilnadu Industrial Investment Corporation Limited (TIIC) withdrew the nomination of Sri Md. Nasimuddin, IAS and nominated its Chairman and Managing Director, Sri Swaran Singh, IAS, as its Nominee Director on the Board of the Company. Later, the nomination of Sri Swaran Singh, IAS was withdrawn and TIIC nominated its Chairman and Managing Director, Sri S K Prabakar, IAS, as its Nominee Director on the Board of the Company. Sri S K Prabakar, IAS is not liable to retire by rotation.

During the year, the Tamilnadu Government withdrew the nomination of Sri C V Sankar, IAS, and nominated Sri Mohan Verghese Chunkath, IAS, Additional Chief Secretary to Government,

Environment and Forests Department, as its Nominee on the Board of our Company. Sri Mohan Verghese Chunkath, IAS, was appointed as a Director in the casual vacancy caused by the withdrawal of nomination of Sri C V Sankar, IAS and is liable to retire by rotation.

Your Directors place on record the valuable services rendered by Sri Md. Nasimuddin, IAS, Sri Swaran Singh, IAS and Sri C V Sankar, IAS, during their tenure as Directors of the Company.

AUDITORS

M/s Suri & Co., Chennai and Messrs S Viswanathan, Chennai, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors also recommend appointment of M/s Maharaj N R Suresh & Co., Chartered Accountants, Chennai as Auditors of the Company. 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 2012-13. The Cost Audit Report for the year 2012-13 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 and Managing Director

Chennai
May 30, 2013

**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

- ◇ Enhanced Steam and Power generation through increased Black Liquor Solids (Bio-mas) firing in the existing Chemical Recovery High Pressure Cogeneration unit.
- ◇ Reduction in Furnace Oil consumption in Rotary Lime Kiln through Gasifier unit, based on solid fuel.
- ◇ Nansulate coating over chilled water section related to VAM unit of ClO₂ Plant - to mitigate substrate corrosion and conserve energy.
- ◇ Reduced steam consumption in RDH Wood Pulping Plant by installing additional Heat Exchangers.

Unit : Tirunelveli

- ◇ Improvement in the Condensate Return from the Paper Machine section from 70% to 88%.
- ◇ Avoidance of venting of steam by controlled operation of the Boiler to match steam demand.
- ◇ Optimising refining operation to reduce electric power consumption.
- ◇ Improved CD Control in Head Box to reduce finishing loss in conversion area. This has helped to reduce the specific energy consumption of both steam as well as electric power.

b) Additional investments and proposals, if any :

Unit : Erode

- ◇ Boiler 10 Stack Cone Corrosion prevention through Nansulate coating of both interior and exterior surface of the

base metal (Mild Steel instead of Stainless Steel planned).

- ◇ Steam consumption reduction in Pandia Bagasse Continuous Digesters through Select Control Automation Scheme.
- ◇ Energy Conservation Schemes in Paper Machines # 1 to 5 for effecting steam and power reduction.
- ◇ Nansulate coating on Lime Kiln surface exterior of the Dryer end for conserving Furnace Oil.
- ◇ Nansulate coating of Air Pre-heater tube end and tube-sheet for longevity extension through cold-end corrosion mitigation.
- ◇ Installation of additional Heat Exchangers in RDH Pulping Plant to reduce steam consumption.

Unit : Tirunelveli

- ◇ Further optimisation of refining operation to reduce electric energy consumption.
- ◇ Reduction in energy consumption by Paper Machine Hood Fans.
- ◇ Study of the aerators in Waste Water Treatment Plant for electrical energy reduction.
- ◇ Replacing the existing ID Fan with energy efficient ID Fan.
- ◇ Revamping the Wire Table to improve formation and better CD Profile which will help to reduce steam consumption in the Dryers

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

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

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

FORM - A

	Unit : Erode Year ended 31-3-2013	31-3-2012	Unit : Tirunelveli Year ended 31-3-2013
A POWER AND FUEL CONSUMPTION			
1 Electricity			
a) Purchased			
Unit - lakh kWh	91.37	122.26	223.78
Energy charges - ₹ lakhs	603.76	556.16	2063.31
MD and other charges	440.26	474.32	380.56
Total charges	1044.02	1030.48	2443.87
Rate/unit - ₹ (excluding Maximum Demand and other Charges)	6.6078	4.5489	9.22
b) Own generation			
Through Steam Turbine			
Units - lakh kWh	2072.95	2039.05	236.93
Units per kg of fuel	--	--	--
Cost/unit - (Variable) - ₹	3.10	3.16	6.28
2 Coal			
Quantity - tonnes	182253	189142	7002
Total cost - ₹ lakhs	9255.14	9731.39	329.43
Average rate - ₹ per tonne	5078	5145	4705
3 Raw Lignite			
Quantity - tonnes	1000.11	--	--
Total cost - ₹ lakhs	26.36	--	--
Rate/unit - ₹ per tonne	2635	--	--
4 Furnace oil			
Quantity - kilo litres	6685	5945	--
Total cost - ₹ lakhs	2612.99	2165.32	--
Average rate - ₹ per kilo litre	39087	36423	--
5 Other Bio-Fuels			
Quantity - tonnes	2	28.50	46705
Total cost - ₹ lakhs	0.12	121471	1111.87
Rate/unit - ₹ per tonne	6170	4262.14	2381
B CONSUMPTION PER UNIT OF PRODUCTION			
Electricity - kWh	1729	1748	447
Coal - tonne	1.531	1.586	0.140
Lignite - tonne	0.008	--	--
Other Bio-Fuels	--	--	0.933
Furnace oil - Kilo litre	0.056	0.050	--

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 Effect of Bark on Pulping of different wood species, such as Eucalyptus Hybrid, Casuarina, Soobabul, etc. |
| (ii) Quality Improvement and cost optimisation: | – Development of new products, such as High Bulk Diary Paper.
– Implementation of De-barking process for Eucalyptus Hybrid wood for improving pulp quality.
– Conducting various plant trials with different Polymer Additives for improving surface properties of paper.
– Introduction of high grade imported ground Calcium Carbonate as filler for improving quality.
– Introduction of Pitch Control Programme to avoid lumps / spots in paper. |

Unit : Tirunelveli

- Introduction of dry strength Resin in the system to improve fiber bonding.
- Addition of waste paper in the furnish to reduce the pulp cost.
- Introduction of PCC as filler to improve quality of paper.
- Analysis of various Bio-Fuels for cost reduction.

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 and cleanliness.
- Effluent discharges from the Mill contains lower dioxin content.
- Improvement in shade, optical properties and strength of Paper.

Unit : Tirunelveli

- Improvements to strength and surface properties of paper.
- Consequent improvements in the runnability of the Paper Machine at enhanced speeds.
- Optimising use of Bio-fuels in the Power Boiler.

3 Future plan of action :

Unit : Erode

- Development of new valued added coated products.
- Replacement of AMD Green with direct or Pigment Green to avoid dye dissolution issue.

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- Development of alternate direct Yellow Dye for Paper Yellow to eliminate Acid Sizing.
 - Conducting Plant trials with various chemical additives to improve efficiency of the process.
 - Evaluation of new additives for improvement of strength and surface properties.
- Unit : Tirunelveli**
- Plant trials to minimise 'dusting'.
 - Improving the stiffness of paper.
- 4 Expenditure on R & D**
- Unit : Erode**
- The R & D work is carried out in the Central Laboratory attached to the Mill.
- (a) Capital – --
 - (b) Recurring – ₹ 33.93 lakhs
 - (c) Total – ₹ 33.93 lakhs
 - (d) Total R & D expenditure as a percentage of total turnover – 0.04%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) Unit : Erode

During the year under review, the Unit : Erode exported 14 299 tonnes of Paper and Boards valued at US \$ 12 410 486. In Rupee terms the value of exports amounted to ₹ 7 204 lakhs, including value of exports to Nepal and Iran amounting to ₹ 452 lakhs.

Unit : Tirunelveli

During the year under review, the Unit : Tirunelveli exported 9 812 tonnes of Paper Valued at US\$ 7 124 963. In Rupee terms the value of exports amounted to ₹ 4 345 lakhs, including value of exports to Iran amounting to ₹ 453 lakhs.

g) Total Foreign Exchange earned and used :

	Unit : Erode	Unit : Tirunelveli
(i) Earnings	– ₹ 6 752 lakhs	₹ 3 892 lakhs
(ii) Outgo :		
Raw Materials	– ₹ 269 lakhs	₹ 2 760 lakhs
Components, Spare Parts & Chemicals	– ₹ 9 482 lakhs	₹ 503 lakhs
Capital Goods	– ₹ 185 lakhs	₹ 25 lakhs
Others	– ₹ 150 lakhs	₹ 11 lakhs
Total	– ₹ 10 086 lakhs	₹ 3 299 lakhs

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 projections 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 exceed 500 million tonnes by 2020. 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 and 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 over-capacity for most pulp, paper and paperboard commodities.

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.

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.

Domestic :

India's production in the year 2011 registered 10.16 million tonnes. This helped India to move up to become the 11th largest pulp and paper producing country in the world, from the 15th place it occupied some years ago.

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 10.11 million tonnes of paper, paper board and newsprint.

Relatively low per capita consumption of paper in India - 10 kg against 42 kg in China, 22 kg in Indonesia, 25 kg in Malaysia, and 312 kg in USA - indicates that there is ample scope for the expansion of the Indian Pulp and Paper Industry, in the years to come.

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 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 export market.
- ◇ qualified technical manpower with capability to manage world scale pulp and paper mills.
- ◇ relatively low employee cost.
- ◇ well established Research and Development (R & D) facilities / activities encouraging innovation.
- ◇ fast growing contemporary printing sector.
- ◇ Government's thrust for improving literacy in the Country.
- ◇ potential for growth of forest 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 10 lakh tonnes of additional capacity (between 2008, 2009 and 2010), demand/supply mismatch will confront the domestic manufacturers, impacting capacity utilisation and margins.

International Competitiveness is the key issue that is confronting the 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 due to 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 have turned to Tamil Nadu for meeting 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 6 months, 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 at higher prices, to sustain production.
- ◇ The Company has also 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 over 5000 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 would bring down, significantly the crushing performance of sugar mills in the State, including by our Group Company, Ponni Sugars. Bagasse availability, consequently, will be significantly affected, at a time when severe shortage of wood is felt by the Company.
- ◇ 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 as well as 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 steeply. 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 in the garb of containing inflation will impact the cost of future Projects and operating margins.
- ◇ In recent times, there has been a steep weakening of the Indian Rupee against the US Dollar. This substantial depreciation of the Indian Rupee will impact the margins, since the Company imports substantial quantities of coal, as well as pulp.
- ◇ 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 2013-14 :

Global :

Moody's Investors Service has revised its outlook for the 'Global Paper and Forest Products Industry' from negative to positive. The outlook change is based on the expectation that the industry's Global Operating Income will increase by about 6% over the next 12 to 18 months.

Operating income growth from North American Paper Industry will offset the weaker earnings facing European and Latin American Producers, as well as the ongoing decline in paper consumption in most developed markets.

North American Paper Industry is likely to be benefited by higher pricing, modest demand increases, synergies from recent acquisitions and productivity and expansion projects – as per Moody's. Conditions however will remain challenging for the European Paper Industry due to lower prices and lower demand for paper. European paper volumes are expected to decline because of persistent Euro area macroeconomic weakness and structural decline in demand for paper.

Global demand for printing and writing paper is projected to increase by 2% in 2013, which is a modest improvement compared to the previous two years. Tissue and packaging products, especially container boards, are expected to be main growth drivers, with projected growth rate of 4.5 percent as per RISI. Developing nations will account for all of the growth in global demand for paper and board, including packaging board, in 2013, with a projected growth rate year over year of 6%. Demand for paper and board in developed countries is expected to be flat in 2013 after a 2% decline in 2011-12.

As per Paper Industry Sources, market share loss of graphic paper to electronic alternatives is expected to start to stabilise in 2013.

The Chinese Paper Industry is undergoing further transformation with 600 older mills set to close and 20 large-scale modern mills slated for commissioning by 2015.

Market fundamentals for pulp producers are expected to be weak in 2013, according to a Report by Fitch Ratings. Pulp prices are expected to be under pressure due to growth of global market pulp capacity by about 8% during the current year.

Domestic :

Fitch Ratings expects modest demand growth in the Indian Paper Industry in 2013, providing marginal uplift to the operating profits of domestic paper companies. However, margins would continue to suffer from high input costs and manufacturers' limited ability to pass on such cost increases to customers due to over-capacity in the Industry.

Writing and printing paper manufacturers have reported high capacity utilisation levels over the past five years on the back of high domestic paper demand. This has prompted significant capacity additions in this sector by the domestic companies. Paper demand, on the back of a considerably reduced GDP growth, has not kept pace with capacity additions, thus creating a mismatch which is likely to continue in 2013.

Domestic Industry's large players having integrated Mill operations based on wood are under severe strain to secure sustained supplies of wood at prices that are reasonable.

Huge 'deficit' faced in the availability of wood from domestic sources has created uncertainties in the availability of wood to sustain the operation. Prices of wood have shot up by well over 60% in less than a year's time. Manufacturers are currently turning to overseas sources for meeting a part of their annual requirements, albeit, at higher prices. Operating margins, on this account, will be under severe strain.

Indian Paper Industry, however, must bear in mind, its environmental footprint, has come under critical scrutiny by several international organizations 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 responsible 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 69 438 tonnes, comprising Production of 1 1 9 366 tonnes at Unit : Erode and 50 072 tonnes at Unit : Tirunelveli.

The Unit : Erode also produced 21 851 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

The Company sold 1 70 079 tonnes of paper, during the year, comprising of sales of 1 20 023 tonnes by Unit : Erode and 50 056 tonnes by Unit : Tirunelveli.

At the end of the year the stock at Unit : Erode was 404 tonnes of Note Books meant for the ensuing school season and at Unit : Tirunelveli the stock was 569 tonnes of Paper.

The Company exported 25 126 tonnes of Paper during the year, comprising of 15 314 tonnes from Unit : Erode and 9 812 from Unit : Tirunelveli. In US\$ terms the value worked out to US\$ 19 535 449, equivalent to ₹ 11 549 lakhs, including exports to Nepal and Iran amounting to ₹ 905 lakhs.

Besides the above, the Company also sold 268 tonnes, under deemed exports whose proceeds amounted to ₹ 133 lakhs.

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

During the year 2012-13, the Company availed ₹ 358 lakhs under the Interest Free Sales Tax Deferral Scheme and the cumulative amount availed upto March 31, 2013, was ₹ 4 764 lakhs.

During the year, the Company earned a Total Revenue from Operations (net of Excise Duty

and Excise Cess) of ₹ 83 866 lakhs, of which ₹ 61 327 was from Unit : Erode and ₹ 22 539 from Unit : Tirunelveli.

For the year 2012-13, the Profit Before Interest, Depreciation and Tax was ₹ 11 007 lakhs, for the Company as a whole.

After absorbing interest and depreciation of ₹ 4 446 lakhs and ₹ 4 914 lakhs, respectively, the Profit Before Tax was ₹ 1 647 lakhs, as compared to ₹ 4 496 lakhs, in the previous year.

The overall Profit before Tax for the year registered a steep fall due to steep increase in prices of wood by more than 30%, restrictions on power availability from State Grid, over all increase in prices of chemicals and the effect of amalgamation of SPB Papers Limited with the Company with effect from April 01, 2012.

Due to substantial business loss and carried forward 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 ₹ 404 lakhs has been transferred from Deferred Tax and credited to the Profit and Loss Account, as against transfer of ₹ 82 lakhs, in the previous year.

In the result, profit after tax for the year was ₹ 2 051 lakhs, as compared to ₹ 3 410 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 1514 persons of all ranks, on its rolls 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 and Managing Director, Deputy Managing Director and Director (Finance) & Secretary are the other three Directors who are in whole time employment of the Company.

The details are furnished hereunder:

SI No.	Name of the Directors	No. of Shares held	Executive / Non Executive Director	Promoter / Independent / Nominee Director
1	Sri N Gopalaratnam	9141	Chairman and Managing Director - Executive Director	Promoter Director
2	Sri Arun G Bijur	Nil	Non Executive Director	Non Independent Director
3	Sri 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	492	Deputy Managing Director - Executive Director	Whole-time Director - Non Independent Director
11	Sri V Pichai	8449	Director (Finance) & Secretary - Executive Director	Whole-time Director - Non Independent Director

SESHASAYEE PAPER AND BOARDS LIMITED

Board Meetings :

During the year 2012-13, six Board Meetings were held on April 19, 2012, May 29, 2012, July 28, 2012, November 10, 2012, February 02, 2013 and March 23, 2013. The Annual General Meeting was held on July 28, 2012.

Attendance of each Director, at the Board Meetings held during the financial year 2012-13 and at the last Annual General Meeting, is furnished hereunder:

SI No.	Name of the Directors	Board Meetings		Last Annual General Meeting	
		Held	Attended	Attended	Not attended
1	Sri N Gopalaratnam	6	6	Yes	--
2	Sri Arun G Bijur	6	6	Yes	--
3	Sri Bimal Kumar Poddar	6	5	Yes	--
4	Sri R V Gupta, IAS (Retd.)	6	4	Yes	--
5	Sri Mohan Verghese Chunkath, IAS [@]	6	--	--	Yes
6	Sri Md. Nasimuddin, IAS [#]	6	1	--	Yes
7	Dr S Narayan, IAS (Retd.)	6	5	Yes	--
8	Mrs Philomina Thomas [#]	6	6	Yes	--
9	Sri S K Prabakar, IAS ^{&}	6	--	--	Yes
10	Sri C V Sankar, IAS ^{&}	6	--	--	Yes
11	Sri V Sridar	6	6	Yes	--
12	Sri Swaran Singh, IAS ^{+&}	6	--	--	Yes
13	Sri K S Kasi Viswanathan	6	5	Yes	--
14	Sri V Pichai	6	6	Yes	--

+ Appointed as Director on November 10, 2012.

& Ceased to be Director from February 02, 2013.

Ceased to be Director from November 10, 2012.

@ Appointed as Director on February 02, 2013.

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, 2013 :

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

@ Includes 1 Private Limited Company.

Includes 2 Private Limited Companies.

\$ Includes 2 Private Limited Companies.

* Includes 2 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 2012-13, is furnished hereunder:

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

4 Remuneration Committee

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

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

Remuneration to Non Whole-time Directors :

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

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 00 000 per financial year, for each Director.
- ◇ In case any Director has held the office of Director only for a part of the financial year, then the remuneration shall be paid only proportionately, in proportion to the period for which he was a Director during that financial year.

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

During the financial year 2012-13 a sum of ₹ 5 40 000 was paid as Sitting Fee to all the Non

SESHASAYEE PAPER AND BOARDS LIMITED

Whole-time Directors. Further, a sum of ₹ 24 00 000 is payable, as Commission on Net Profits, for the financial year 2012-13. Details are furnished hereunder:

Sl No.	Name of the Non Whole-time Directors	Sitting Fee paid		Commission payable for 2012-13
		Board Meetings	Committee Meetings	
		₹	₹	
1	Sri Arun G Bijur	60 000	50 000	3 00 000
2	Sri Bimal Kumar Poddar	50 000	40 000	3 00 000
3	Sri R V Gupta, IAS (Retd.)	40 000	40 000	3 00 000
4	Sri Md. Nasimuddin, IAS	10 000 #	--	--
5	Sri Mohan Verghese Chunkath, IAS	--	--	3 00 000 @
6	Dr S Narayan, IAS (Retd.)	50 000	30 000	3 00 000
7	Mrs Philomina Thomas	60 000 \$	--	3 00 000 \$
8	Sri S K Prabakar, IAS	--	--	3 00 000 #
9	Sri V Sridar	60 000	50 000	3 00 000
	Total	3 30 000	2 10 000	24 00 000

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

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

Remuneration to Chairman and Managing Director / Deputy Managing Director / Whole-time Director, for the financial year 2012-13 is as under:

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
	₹	₹	₹
Salary	24 00 000	19 80 000	19 80 000
Commission for the year	24 00 000	19 80 000	19 80 000
Contribution to:			
(i) Provident Fund	2 88 000	2 37 600	2 37 600
(ii) Superannuation Fund	3 60 000	2 97 000	2 97 000
(iii) Gratuity Fund	5 42 485	4 02 518	5 90 766
Other Perquisites	5 000	2 85 761	2 89 165
Total	59 95 485	51 82 879	53 74 531

5 Share Transfer and Shareholders / Investors Grievance Committee

Name of the Non Executive Director heading the Committee:

Sri Arun G Bijur

Name and designation of Compliance Officer :

Sri V Pichai
Director (Finance) & Secretary

Number of shareholders' complaints received during 2012-13 :

Nil

Number of complaints not solved to the satisfaction of shareholders :

Nil

Number of pending complaints as on March 31, 2013 :

Nil

6 General Body Meetings

Last three Annual General Meetings were held at 11.00 AM on July 24, 2010, July 23, 2011 and July 28, 2012, at the "Community Centre", SPB Colony, Erode 638 010.

There were no Special Resolutions at the above three Annual General Meetings.

There was a meeting of the Equity Shareholders of the Company held on 29th October 2012 to consider the Scheme of Amalgamation of SPB Papers Limited with our Company, as per the orders of the Hon'ble High Court of Madras.

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

7 Disclosures

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

Our Company holds 18 35 260 Shares of ₹ 10 each, representing 21.34%, in the Equity Capital of Ponni Sugars (Erode) Limited (PEL).

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

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

Our Company has entered into a long term arrangement with PEL for procurement of bagasse produced by them in their unit at Erode. Under the arrangement, PEL shall supply to our Company 30% of their total bagasse production,

subject to a ceiling of 350 tonnes of de-pithed bagasse per day, utilising the balance for their Co-generation Power Plant. The arrangement includes procurement and supply of imported coal as and when required by them, supply of water, etc.

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

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

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

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

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

Their Current production range include batteries for Commercial and Military Aircrafts, Underwater Propulsion (Torpedo), Remote Sensing and Telemetry, Power Sources for Satellite Launch Vehicles, Missile Guidance Power Source, NiCd / NiMh rechargeable

batteries, Fuel Cells, Cuprous Chloride batteries, etc.

The National Awards for the R & D efforts in industry for the years 1990-91 and 2004 were given to HEB in recognition of their outstanding work in the battery technology field. In recognition of the successful indigenization of the primary battery for SUT Torpedo, HEB received an award for indigenisation during the year 1998-99. Again in 2004, HEB received the Defence Technology Absorption Award from Defence Research & Development Organisation, Ministry of Defence, along with a Cash Prize. The Award was presented by the Hon'ble Prime Minister of India.

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

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

HEB holds 10 329 Shares of ₹ 10 each, representing 0.09%, in the Equity Capital of our Company.

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

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

(e) Esvi International (Engineers & Exporters) Limited (ESVIN) :

ESVIN is a company belonging to the Promoter Group. 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. During the year, our Company acquired 100% of the shares of ESVIN at a consideration of ₹ 12 crores making it a wholly owned subsidiary of our company. Sri N Gopalaratnam and Sri Arun G Bijur who are Directors of our Company are on the Board of ESVIN. Sri N Gopalaratnam, Chairman and Managing Director of our Company is also the Chairman of ESVIN.

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

8 Compliance with Mandatory and Non-mandatory requirements

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

The Company is in the regime of unqualified financial statements.

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

9 Means of communication

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

As per the directions of the Securities and Exchange Board of India and the provisions of

the amended Listing Agreements with the Stock Exchanges, the Company has created an exclusive e-mail ID, viz., investor@spbltd.com for redressal of investor grievances..

10 Management’s Discussion and Analysis Report

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

11 CEO / CFO Certification

CEO / CFO certification by Sri N Gopalaratnam, Chairman and Managing Director and Sri V Pichai, Director (Finance) & Secretary, as stipulated by Clause 49 of the Listing Agreement was placed before the Board of Directors at its meeting held on May 30, 2013.

12 Code of Conduct

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

CEO Declaration :

DECLARATION

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

Sd/-

(N GOPALARATNAM)
Chairman and
Managing Director

Chennai
May 30, 2013

13 Compliance Certificate of the Auditors

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

14 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 2012	16 07 2012
30 09 2012	18 10 2012
31 12 2012	12 01 2013
31 03 2013	17 04 2013

15 General Shareholder information

- (i) AGM : Date, time and venue :
11.00 AM
Saturday, July 27, 2013
“Community Centre”, SPB Colony
Erode 638 010, Tamilnadu.
- (ii) Financial Calendar (tentative and subject to change) :
May 2013 :
Audited results for 2012-13
July 2013 :
Annual General Meeting and First
Quarter Results for 2013-14

SESHASAYEE PAPER AND BOARDS LIMITED

November 2013 :
Second Quarter Results

February 2014 :
Third Quarter Results

March 2014 :
Review of Performance

May 2014 :
Audited Results for 2013-14

July 2014 :
Annual General Meeting and
First Quarter Results for 2014-15.

(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

E-mail: cmlist@nse.co.in

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

(iii) Date of Book closure :
From July 19, 2013 to July 27, 2013 (both days inclusive).

(iv) Dividend Payment Date :
On declaration by the Members at the Fifty Third Annual General Meeting being held on July 27, 2013, the dividend will be paid on July 29, 2013.

(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

E-mail: corp.relations@bseindia.com

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

(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, 2014.

(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.

15 General Shareholder information (Contd.)

(viii) Market Price Data :

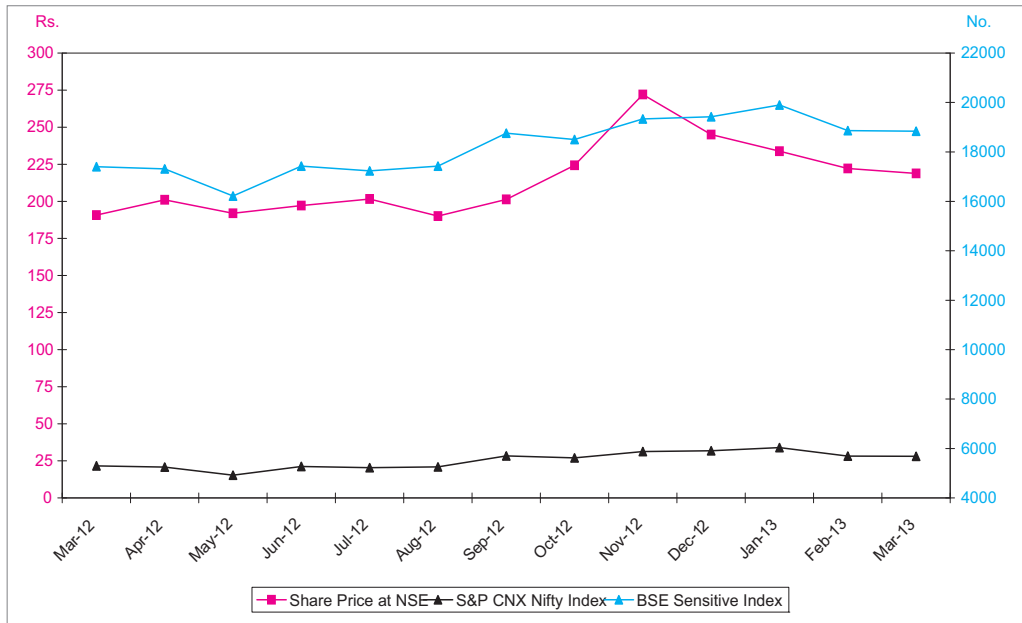
High, low and volume during each month in the last financial year (reported at the National Stock Exchange of India Limited and BSE Limited).

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)
2012								
April	225.00	185.55	35114	72.41	224.90	186.70	51756	107.95
May	209.90	181.05	3705	7.33	211.00	185.00	11079	21.72
June	211.00	187.00	9867	19.89	223.00	184.95	21457	43.36
July	217.00	187.00	31653	64.39	214.90	187.05	41231	83.45
August	211.95	185.10	4671	9.04	204.95	184.00	10491	20.41
September	209.00	187.00	9274	18.31	233.00	181.00	10178	20.33
October	260.00	200.00	20328	45.11	246.00	204.00	33613	74.62
November	291.00	221.25	27555	71.38	292.00	221.10	395446	984.12
December	274.95	242.00	7211	18.59	275.50	240.10	25365	65.22
2013								
January	258.00	221.05	9542	22.71	258.00	225.05	19887	47.59
February	250.00	212.00	3088	6.88	246.15	206.00	10232	22.93
March	272.50	198.20	842315	2115.13	254.60	197.00	447111	1052.84

15 General Shareholder information (Contd.)

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

Please see the Chart below 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: corpserv@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 Director (Finance) & Secretary has been delegated with the powers to approve transfers, if the documents are in order.

15 General Shareholder information (Contd.)

(xii) Distribution of shareholding as on
March 31, 2013 :

Distribution	No. of Shareholders	% of Shareholders	No. of Shares	% of Share holding
1 - 100	9176	74.34	410498	3.65
101 - 200	1662	13.46	252578	2.24
201 - 500	975	7.90	314439	2.79
501 - 1000	270	2.19	203407	1.81
1001 - 5000	181	1.47	382202	3.40
5001 - 10000	39	0.32	282048	2.51
10001 and above	40	0.32	9404828	83.60
Total	12 343	100.00	112 50 000	100.00

(xiii) Pattern of shareholding as on
March 31, 2013 :

Category	No. of Shareholders	Voting strength %	No. of Shares held
Individuals	11 963	24.64	27 71 718
Companies	253	37.35	42 01 454
FII's, NRI's, OCB's	105	17.39	19 56 484
Mutual Funds, Insurance Companies and Banks	15	0.02	2 668
FIs	7	20.60	23 17 676
Total	12 343	100.00	1 12 50 000

15 General Shareholder information (Contd.)

(xiv) Top 10 Shareholders of the Company as on March 31, 2013 :

SI No.	Names	No. of Shares	%
1	The Tamilnadu Industrial Investment Corporation Limited	18 00 000	16.00
2	Synergy Investments Pte Ltd	15 47 695	13.76
3	Ponni Sugars (Erode) Ltd	12 00 000	10.67
4	Time Square Investments Private Ltd	11 72 225	10.42
5	Dhanashree Investments Private Ltd	5 30 894	4.72
6	Life Insurance Corporation of India	5 15 576	4.58
7	Patco Investments and Consultancy Services Ltd	4 74 463	4.22
8	Atyant Captial Management Ltd	3 86 128	3.43
9	Finquest Securities Private Ltd	2 75 000	2.44
10	Pushpa Devi Saraogi	2 24 999	2.00
	Total	81 26 980	72.24

(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, 2013, 4 910 Shareholders are holding Shares in Demat form and 87 72 550 shares have been dematerialised, representing 77.98% of the total Equity Share Capital.

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

NIL

(xvii) Plant Location :

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

(xviii) Address for correspondence :

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

SESHASAYEE PAPER AND BOARDS LIMITED

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

SURI & 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 Seshasayee Paper and Boards Limited, for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations hereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

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

Chennai
May 30, 2013

For SURI & CO.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

SURI & 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 2013, 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 judgment, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 2013;
- (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-section (4A) of Section 227 of the Act,

SESHASAYEE PAPER AND BOARDS LIMITED

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 Act;

- (e) on the basis of written representations received from the Directors as on 31st March 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2013 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Act.
- (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Act nor has it issued any Rules under the said Section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For M/s S VISWANATHAN

Firm Regn. No. 004770S
Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

Chennai
May 30, 2013

For SURI & CO.,

Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

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 :

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
(c) Fixed assets of a substantial part, affecting the going concern, have not been disposed off during the year.
- 2 (a) The Management has carried out physical verification of inventory at reasonable intervals.
(b) The procedure of physical verification of inventory, followed by the management, is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3 (a) The Company has not granted any loans, secured / unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
(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.
- 4 There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and no major weakness has been noticed in the internal control system.
- 5 (a) The particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the Register required to be maintained under that Section.
(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time.
- 6 The Company has not accepted any deposits from the public.
- 7 The Company has an internal audit system commensurate with its size and nature of its business.
- 8 Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Act and such accounts and records have been made and maintained.
- 9 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 2013 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 2013 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	4.69	CESTAT	March - November 2005
- do -	- do -	76.61	- do -	May - December 2005
- do -	- do -	269.76	- do -	February 2004 - March 2005
- do -	- do -	7.67	Commissioner (Appeals)	December 2005 - June 2007
- do -	- do -	26.32	- do -	January - June 2007
- do -	- do -	4.56	Hon'ble High Court of Madras	October - November 1996
Income Tax Act, 1961	Income Tax	129.52	Commissioner of Income Tax (Appeals)	Assessment Year 2007-08
- do -	- do -	738.27	- do -	Assessment Year 2008-09

- 10 The Company has no accumulated losses as at March 31, 2013 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- 11 The Company has not defaulted in repayment of dues to financial institution or banks. There are no dues payable to the debenture holders during the year.
- 12 The Company has 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.
- 13 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.

- 14 The Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15 The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 Term loans borrowed by the Company were applied for the purpose for which the loans were obtained.
- 17 Funds raised on short term basis have not been used for long term investments.
- 18 The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act, during the year.

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

20 The Company has not raised any money through public issues and hence, disclosure

and verification of end use of money raised through public issues do not arise.

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

For M/s S VISWANATHAN

Firm Regn. No. 004770S

Chella K Srinivasan

Membership No. 023305

Partner

Chartered Accountants

Chennai

May 30, 2013

For SURI & CO.,

Firm Regn. No. 004283S

S Swaminathan

Membership No. 020583

Partner

Chartered Accountants

SESHASAYEE PAPER AND BOARDS LIMITED

BALANCE SHEET AS AT 31st MARCH 2013

	Note No.	As at 31-3-2013		As at 31-3-2012	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
I EQUITY AND LIABILITIES					
1 Shareholders' Funds					
(a) Share Capital	5	1125.00		1125.00	
(b) Reserves and Surplus	6	35062.80		29936.07	
(c) Shares Pending allotment (Refer Note 3)		<u>136.36</u>		—	
			36324.16		31061.07
2 Non Current Liabilities					
(a) Long Term Borrowings	7(a)	19408.32		8905.64	
(b) Deferred Tax Liabilities (net)	7(b)	7815.13		8219.50	
(c) Other Long Term Liabilities	7(c)	1342.22		1006.91	
(d) Long Term Provisions	7(d)	<u>1477.18</u>		<u>908.64</u>	
			30042.85		19040.69
3 Current Liabilities					
(a) Short Term Borrowings	8(a)	17737.40		7814.33	
(b) Trade Payables	8(b)	19448.06		16140.57	
(c) Other Current Liabilities	8(c)	7008.73		5700.32	
(d) Short Term Provisions	8(d)	<u>1103.73</u>		<u>1165.30</u>	
			45297.92		30820.52
Total			<u>111664.93</u>		<u>80922.28</u>
II ASSETS					
1 Non Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	9(a)	71059.12		44838.92	
(ii) Intangible Assets	9(b)	178.95		164.06	
(iii) Capital Work-in-Progress	9(c)	244.79		571.30	
(b) Non Current Investments	9(d)	2276.20		2323.20	
(c) Long Term Loans and Advances	9(e)	2200.42		683.52	
(d) Other Non-Current Assets	9(f)	<u>37.32</u>		—	
			75996.80		48581.00
2 Current Assets					
(a) Inventories	10(a)	8712.59		8620.17	
(b) Trade Receivables	10(b)	9910.33		10020.16	
(c) Cash and Bank Balances	10(c)	7397.82		648.96	
(d) Short Term loans and Advances	10(d)	9277.90		12746.73	
(e) Other Current Assets	10(e)	<u>369.49</u>		<u>305.26</u>	
			35668.13		32341.28
Total			<u>111664.93</u>		<u>80922.28</u>

Vide our report of date attached		N GOPALARATNAM Chairman and Managing Director	ARUN G BIJUR BIMAL KUMAR PODDAR R V GUPTA MOHAN VERGHESE CHUNKATH Dr S NARAYAN PHILOMINA THOMAS V SRIDAR Directors
For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.023305 Partner Chartered Accountants	For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.020583 Partner Chartered Accountants	V PICHAI Director (Finance) & Secretary	K S KASI VISWANATHAN Deputy Managing Director
Chennai May 30, 2013			

SESHASAYEE PAPER AND BOARDS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

	Note No.	Year ended 31-3-2013		Year ended 31-3-2012	
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
I Revenue from operations :					
Sales and Other Operating Income	12	88077.33		63911.78	
Less : Excise Duty		<u>4722.20</u>		<u>2770.00</u>	
			83355.13		61141.78
II Other Income	13		510.74		462.77
III Total Revenue (I + II)			<u>83865.87</u>		<u>61604.55</u>
IV Expenses :					
(a) Cost of Materials Consumed	14		40414.01		27902.64
(b) Purchase of Stock-in-Trade	15		2820.88		2759.28
(c) Changes in inventories of Finished Goods, Work-in- Process and Stock-in-Trade	16		394.57		-1121.09
(d) Employee benefits expense	17		5405.58		4620.03
(e) Finance Costs	18		4446.16		2432.31
(f) Depreciation and Amortisation expense	9		4914.48		3425.60
(g) Other Expenses	19		23823.19		17090.24
Total expenses			<u>82218.87</u>		<u>57109.01</u>
V Profit before exceptional and extraordinary items and tax (III - IV)			1647.00		4495.54
VI Exceptional items			0.00		0.00
VII Profit before extraordinary items and tax (V - VI)			1647.00		4495.54
VIII Extraordinary items			0.00		0.00
IX Profit before Tax (VII - VIII)			1647.00		4495.54
X Tax Expense :					
(a) Current Tax	20		0.00		1168.00
(b) Deferred Tax	21		<u>-404.37</u>		<u>-82.00</u>
			<u>-404.37</u>		<u>1086.00</u>
XI Profit for the period from continuing operations (IX - X)			2051.37		3409.54

SESHASAYEE PAPER AND BOARDS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

	Year ended 31-3-2013 ₹ lakhs	Year ended 31-3-2012 ₹ lakhs
XII Profit / Loss from discontinuing operations	0.00	0.00
XIII Tax expense of discontinuing operations	0.00	0.00
XIV Profit / Loss from discontinuing operations after tax (XII - XIII)	0.00	0.00
XV Profit for the period (XI + XIV)	2051.37	3409.54
XVI Earnings Per Equity Share :		
(a) Basic	30	30.31
(b) Diluted	30	30.31

<p style="text-align: center;">Vide our report of date attached</p> <p>For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.023305 Partner Chartered Accountants</p> <p style="text-align: left;">Chennai May 30, 2013</p>	<p style="text-align: center;">For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.020583 Partner Chartered Accountants</p>	<p style="text-align: center;">N GOPALARATNAM Chairman and Managing Director</p> <p style="text-align: center;">V PICHAI Director (Finance) & Secretary</p>
		<p style="text-align: center;">ARUN G BIJUR BIMAL KUMAR PODDAR R V GUPTA MOHAN VERGHESE CHUNKATH Dr S NARAYAN PHILOMINA THOMAS V SRIDAR Directors</p> <p style="text-align: center;">K S KASI VISWANATHAN Deputy Managing Director</p>

Notes forming part of the Balance Sheet as at 31st March 2013 and Statement of Profit and Loss for the year ended 31st March 2013.

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 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 SCHEME OF AMALGAMATION

A) Disclosure in respect of Amalgamation in accordance with Accounting Standard (AS) 14 - Accounting for Amalgamations

a) Names and general nature of Business of the Amalgamating Companies:

Names:

Transferor Company - SPB Papers Limited

Transferee Company - Seshasayee Paper and Boards Limited

General nature of Business:

Transferor Company - Manufacture of Printing & Writing paper

Transferee Company - Manufacture of Printing & Writing Paper and Paper Boards

b) Effective date of Amalgamation for accounting purposes : 01-04-2012

c) Method of Accounting used to reflect Amalgamation : Purchase Method

d) Particulars of the Scheme sanctioned :

i) The Authorised Share Capital of the Transferee Company is increased by transfer of the Authorised Share Capital of the Transferor Company aggregating ₹ 1 500 lakhs, comprising of 1 50 00 000 Equity Shares of ₹ 10/-each.

ii) The Equity shareholders of Transferor Company will be allotted 1 Equity Share of ₹ 10/-each, of the Transferee Company as fully paid up for every 11 Equity Shares of ₹ 10/-each held by them in the Transferor Company.

iii) 13 63 238 Equity Shares of ₹ 10/-each are to be issued as fully paid up to the Equity Shareholders of Transferor Company.

SESHASAYEE PAPER AND BOARDS LIMITED

- iv) The Value of all assets and liabilities (other than Shareholders' Funds) of the Transferor Company, as on the appointed date, at their respective fair values vest with the Transferee Company.
 - v) The Inter-Corporate deposits/loans and advances, receivables/payables outstanding as on the Appointed date between the Transferee Company and Transferor Company shall stand cancelled.
 - vi) Consideration for the Amlagamation and a description of the Consideration paid:
 - a) 13 63 628 Equity Shares of ₹ 10/-each fully paid-up (pending allotment) : ₹ 136 lakhs
Less:
 - Value of Net Assets of Transferor Company transferred-at fair value : ₹ 3801 lakhs
 - Surplus credited to Capital Reserve : ₹ 3665 lakhs
 - b) Contingently Payable : NIL
 - vii) In terms of the Scheme the Transferor Company continued the Operations as Trustee of Transferee Company. The results of such operations have been duly incorporated in the accounts of the Transferee Company.
- B) The Scheme of Amlgamation between Transferor Company with Transferee Company was sanctioned by the Hon'ble High Court of Madras, vide its Order dated 26.04.2013, a certified copy of which has been filed with the Registrar of Companies, Chennai on 24.05.2013 and accordingly these accounts have been prepared giving effect to the Scheme of Amalgamation.
- C) Consequent to the Amalgamation, the carried forward losses and unabsorbed depreciation of Transferor Company are eligible to be adjusted against the income of the Transferee Company in accordance with Section 72A of the Income Tax Act, 1961. Such carried forward benefits adjusted in the current year to the extent of income amount to ₹ 28.39 crores.
- D) Shares of the Transferor Company that are held by the Transferee Company have been transferred to SPB Equity Trust exclusively for the benefit of the Transferee company and its Successors. The value of such assets is recognised under Long Term Loans and Advances in Note No 9(d).

4 REGROUPING OF FIGURES

Current Year's figures are not comparable with previous year's figures due to amalgamation of the Transferor Company with the Transferee Company with effect from 1st April 2012.

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs	As at 31-3-2012 ₹ lakhs		
5 SHARE CAPITAL				
AUTHORISED :				
4 00 00 000 - Equity Shares of ₹ 10 each (Previous year : 2 50 00 000 Equity Shares of ₹ 10 each)	4000.00	2500.00		
3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each	3000.00	3000.00		
	7000.00	5500.00		
ISSUED, SUBSCRIBED AND FULLY PAID UP :				
1 12 50 000 - Equity Shares of ₹ 10 each fully paid up	1125.00	1125.00		
	1125.00	1125.00		
(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
Equity Shares :				
At the beginning and at the end of the year	112.50	1125.00	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	16.00	18.00	16.00
(ii) Synergy Investments Pte Ltd	15.48	13.76	15.48	13.76
(iii) Ponni Sugars (Erode) Ltd	12.00	10.67	12.00	10.67
(iv) Time Square Investments (P) Ltd	11.72	10.42	11.72	10.42

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013		As at 31-3-2012	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
6 RESERVES AND SURPLUS				
Capital Reserve				
As per last Balance Sheet	50.29		50.29	
Add: Addition during the Year (Refer Note 3)	3665.66		—	
		3715.95		50.29
Securities Premium Account				
As per last Balance Sheet		360.00		360.00
Other Reserves :				
Investment Allowance Reserve				
As per last Balance Sheet	0.00		75.00	
Less : Transfer to Surplus in Statement of Profit and Loss	0.00		75.00	
		0.00		0.00
General Reserve				
As per last Balance Sheet	26500.00		24500.00	
Add: Amount transferred from surplus in Statement of Profit and Loss	1000.00		2000.00	
Closing Balance		27500.00		26500.00
Surplus in Statement of Profit and Loss				
Balance as per Statement of Profit and Loss of the previous year	3025.78		2194.99	
Profit for the year	2051.37		3409.54	
Transfer from Investment Allowance Reserve	0.00		75.00	
	5077.15		5679.53	
Less :				
- Transfer to General Reserve	1000.00		2000.00	
- Proposed Equity Dividend - Amount per Equity Share ₹ 4 (Previous year - ₹ 5 per Equity Share)	504.55		562.50	
- Tax on proposed Equity Dividend	85.75		91.25	
	1590.30		2653.75	
Net Surplus in Statement of Profit and Loss		3486.85		3025.78
Total Reserves and Surplus		35062.80		29936.07

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs	As at 31-3-2012 ₹ lakhs
7 NON CURRENT LIABILITIES		
(a) Long Term Borrowings		
(i) Term Loans from Banks - Secured	15298.00	4500.08
<p>Unit: Erode: Term Loans and Current maturities of long term loans amounting to ₹ 5154.05 lakhs are Secured by :</p> <p>a) a charge, by way of mortgage of immovable properties 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) and</p> <p>b) by way of hypothecation of all Unit:Erode movables, including movable plant and machinery, save and except book debts, subject to prior charge in favour of Company's bankers, for securing working capital advances.</p> <p>Terms of repayment :</p> <p>The entire Unit:Erode Term loan is repayable in quarterly instalments at ₹ 1500.11 lakhs per quarter, during the quarters ending June and September 2013 and the balance during December 2013.</p> <p>Period and amount of continuing default : Nil</p>		
<p>Unit: Tirunelveli: Term Loans and Current maturities of long term loans amounting to ₹ 16380 lakhs are Secured by :</p> <p>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</p> <p>b) by way of hypothecation of all Unit: Tirunelveli movables, including movable plant and machinery and book debts.</p> <p>Terms of repayment :</p> <p>The Unit: Tirunelveli loan is repayable in quarterly instalments of ₹ 541 lakhs per quarter from December 2013 to September 2015, ₹ 756.50 lakhs per quarter from December 2015 to September 2017 and ₹ 865 lakhs per quarter during December 2017 to September 2019.</p> <p>Period and amount of continuing default : Nil</p>		
Carried over	15298.00	4500.08

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs	As at 31-3-2012 ₹ lakhs
Brought forward	15298.00	4500.08
(ii) Other Loans and Advances :		
Interest Free Sales Tax Loan - Unsecured	4110.32	4405.56
Terms of repayment :		
The Unit: Erode is entitled to the benefit of Interest Free Sales Tax Deferral for ten years from 01 06 2003 and not exceeding an amount of ₹ 6304 lakhs. The Sales Tax so deferred is to be repaid over a period of ten years from 01 06 2013.		
	19408.32	8905.64
(b) Deferred Tax Liabilities (net)	7815.13	8219.50
Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in :	7815.13	8219.50
Current year Upto 31-3-2013		
₹ lakhs ₹ lakhs		
- Depreciation (-) 215.53 (-) 7954.78		
- Others (-) 188.84 (+) 139.65		
- Total (-) 404.37 (-) 7815.13		
(c) Other Long Term Liabilities		
Trade Payables :		
Security Deposit from Dealers	1342.22	1006.91
	1342.22	1006.91
(d) Long Term Provisions		
Provision for Employee Benefits	440.68	351.00
Provision for Generation Tax	1036.50	557.64
	1477.18	908.64

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs	As at 31-3-2012 ₹ lakhs
8 CURRENT LIABILITIES		
(a) Short Term Borrowings		
(i) Working Capital Borrowings from Banks - Secured	17737.40	7814.33
Unit: Erode: Borrowings amounting to ₹13607.73 lakhs Secured by :		
<ul style="list-style-type: none"> - hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-transit, Stock-in-trade, Stock-in-process and Book Debts of Unit: Erode and - second charge, on the fixed assets of Unit: Erode, enumerated in 7(a)(i)(a) above, to the extent of ₹ 8500 lakhs. 		
Period and amount of continuing default : Nil		
Unit: Tirunelveli: Borrowings amounting to ₹4129.67 lakhs Secured by :		
<ul style="list-style-type: none"> - hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-transit, Stock-in-trade, Stock-in-process and Book Debts of Unit: Tirunelveli and - second charge, on the fixed assets of Unit: Tirunelveli 		
	17737.40	7814.33
(b) Trade Payables		
Acceptances	7726.80	4035.05
Sundry Creditors	11721.26	12105.52
	19448.06	16140.57

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013		As at 31-3-2012	
	₹ 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		257.81		191.95
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
 (c) Other Current Liabilities				
Current maturities of long term loans		6236.05	5249.89	
Interest accrued but not due on borrowings		94.94	0.00	
Unclaimed dividend		68.64	62.22	
		6399.63		5312.11
Others - Tax deducted / collected at source and Value Added Tax (remitted in April 2013)		609.10		388.21
		7008.73		5700.32
 (d) Short Term Provisions				
Provision for Employee Benefits		212.98		211.10
Others :				
- Disputed sales tax		300.45		300.45
- Dividend Payable		504.55	562.50	
- Tax on Dividend Payable		85.75	91.25	
		590.30		653.75
		1103.73		1165.30

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs	As at 31-3-2012 ₹ lakhs
9 NON CURRENT ASSETS		
Fixed Assets		
(a) Tangible Assets	71059.12	44838.92
(b) Intangible Assets	178.95	164.06
(c) Capital Work-in-Progress	244.79	571.30
	71482.86	45574.28

Details :

PARTICULARS	COST				DEPRECIATION			WRITTEN DOWN VALUE			
	As at 1-4-2012	Additions Pursuant to the Scheme	For the Year	Deductions/ Adjustments	As at 31-3-2013	Upto 31-3-2012	For the Year	Withdrawn/ Adjustments	Upto 31-3-2013	As at 31-3-2013	As at 31-3-2012
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(a) TANGIBLE ASSETS											
LAND AND BETTERMENT BUILDINGS	108.35	301.42	0.00	0.00	409.77	0.00	0.00	0.00	0.00	409.77	108.35
- LEASEHOLD	20.51	0.00	0.00	0.00	20.51	5.69	0.33	0.00	6.02	14.49	14.82
- OTHERS	7331.27	5148.20	102.22	9.84	12571.85	1971.93	402.21	2.49	2371.65	10200.20	5359.34
PLANT AND MACHINERY											
- ON LEASE TO OTHERS	4210.62	0.00	0.00	0.00	4210.62	4210.62	0.00	0.00	4210.62	0.00	0.00
- OTHERS	63286.75	23908.00	1546.34	110.52	88630.57	24500.05	4398.30	80.69	28817.66	59812.91	38786.70
FURNITURE & FIXTURES	600.80	0.00	15.86	2.82	613.84	276.98	27.68	0.84	303.82	310.02	323.82
VEHICLES	172.01	92.44	9.22	0.00	273.67	75.32	23.60	0.00	98.92	174.75	96.69
OFFICE EQUIPMENTS	559.87	0.00	22.75	21.99	560.63	410.67	33.84	20.86	423.65	136.98	149.20
	76290.18	29450.06	1696.39	145.17	107291.46	31451.26	4885.96	104.88	36232.34	71059.12	44838.92
PREVIOUS YEAR	75429.82	0.00	1001.32	140.96	76290.18	28102.67	3403.33	54.74	31451.26	44838.92	47327.15
(b) INTANGIBLE ASSETS											
TECHNICAL KNOW-HOW	220.29	0.00	38.31	0.00	258.60	63.44	22.39	0.00	85.83	172.77	156.85
COMPUTER SOFTWARE	16.60	0.00	5.10	0.00	21.70	9.39	6.13	0.00	15.52	6.18	7.21
	236.89	0.00	43.41	0.00	280.30	72.83	28.52	0.00	101.35	178.95	164.06
PREVIOUS YEAR	197.69	0.00	39.20	0.00	236.89	50.56	22.27	0.00	72.83	164.06	147.13
(c) CAPITAL WORK-IN-PROGRESS-											
AT COST										244.79	571.30
TOTAL	76527.07	29450.06	1739.80	145.17	107571.76	31524.09	4914.48	104.88	36333.69	71482.86	45574.28
PREVIOUS YEAR	75627.51	0.00	1040.52	140.96	76527.07	28153.23	3425.60	54.74	31524.09	45574.28	48322.91

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs	As at 31-3-2012 ₹ lakhs
(d) Non Current Investments		
NON-TRADE		
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	5.00	5.00
TRADE		
IN EQUITY INSTRUMENTS - FULLY PAID:		
<i>Quoted:</i>		
18 35 260 Equity Shares of ₹ 10 each in Ponni Sugars (Erode) Limited *	469.73	469.73
1 00 000 Equity Shares of ₹ 10 each in Tamilnadu Newsprint and Papers Limited	106.70	106.70
<i>Unquoted:</i>		
Wholly Owned subsidiary		
25 000 Equity Shares of ₹ 100 each in Esvi International (Engineers & Exporters) Limited (Previous year - No. of Shares - Nil)	1203.00	0.00
Carried over	2269.79	1066.79

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs	As at 31-3-2012 ₹ lakhs
Brought forward	2269.79	1066.79
TRADE		
IN EQUITY INSTRUMENTS - FULLY PAID (Contd.) :		
Others		
4 100 Equity Shares of ₹ 10/- each in ESVIN Advanced Technologies Limited	0.41	0.41
50 000 Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited *	5.00	5.00
10 000 Equity Shares of ₹ 10 each in OPG Energy Private Limited	1.00	1.00
62 50 000 Equity Shares of ₹ 10 each in SPB Papers Limited	0.00	1250.00
* Associates		
	2276.20	2323.20
Aggregate amount of :		
Quoted Investments		
- Cost	1061.79	
- Market Value	7402.51	
Unquoted Investments	-	
- Cost	1214.41	
(e) Long Term Loans and Advances		
Capital Advances - Unsecured - Considered Good	24.64	12.18
Security Deposits - Unsecured - Considered Good	425.78	171.34
Other Loans and Advances :		
- Inter Corporate Loans - Secured - Considered Good	500.00	500.00
- Due from SPB Equity Shares Trust - Unsecured - Considered Good (Refer Note 3)	1250.00	-
	2200.42	683.52
(f) Other Non-Current Assets		
Others-In deposit Account with Bank Offered as Security- (Maturity is more than 12 months)	37.32	0.00
	37.32	0.00

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013	As at 31-3-2012	
	₹ lakhs	₹ lakhs	₹ lakhs
10 CURRENT ASSETS			
(a) Inventories			
Raw Materials	2475.19		2056.26
Stores, Spares, Chemicals and others	5087.49		4938.25
Finished Goods	533.40		565.05
Stock-in-Trade	138.12		481.14
Stock-in-Process	478.39		579.47
<i>[For method of valuation, please refer to Note No. 1(d)]</i>			
	<u>8712.59</u>		<u>8620.17</u>
(b) Trade Receivables			
Secured - Considered Good :			
Exceeding six months	306.52	205.31	
Other debts	<u>1300.10</u>	<u>998.58</u>	
	1606.62		1203.89
Unsecured - Considered Good :			
Exceeding six months	200.98	1993.25	
Other debts	<u>8102.73</u>	<u>6823.02</u>	
	8303.71		8816.27
Doubtful :			
Exceeding six months	48.07	117.42	
Less : Allowance for doubtful debts	<u>48.07</u>	<u>117.42</u>	
	0.00		0.00
	<u>9910.33</u>		<u>10020.16</u>
(c) Cash and Bank Balances			
Cash and Cash Equivalents :			
- Cash on hand	14.87		8.63
Bank balances :			
- In Current Accounts	7303.45		577.17
Other Bank Balances :			
- Unclaimed Dividend Account	68.63		62.22
- In Deposit Account offered as security	<u>10.87</u>		<u>0.94</u>
	<u>7397.82</u>		<u>648.96</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013		As at 31-3-2012	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(d) Short Term Loans and Advances				
Loans and Advances to Related Parties - Unsecured - Considered Good		0.00		7448.36
Others :				
Secured - Considered Good				
- Inter Corporate Loans	100.00		100.00	
Unsecured - Considered Good				
- Prepaid expenses	151.67		124.39	
- Balances in Current Account with Central Excise Department and Port Trust	1941.89		73.09	
- Tax payments pending adjustments (net)	2134.52		1243.96	
- MAT Credit Entitlement	2572.27		2259.00	
- Others	2377.55		1497.93	
		9277.90		5298.37
		9277.90		12746.73
(e) Other Current Assets				
Others		369.49		305.26
		369.49		305.26
11 Contingent Liabilities and Commitments not provided for				
(i) Contingent Liabilities :				
(a) Claims against the Company not acknowledged as debts		1538.86		1457.52
(b) Guarantees		9.50		11.25
(ii) Commitments :				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		179.18		249.04
(b) Export obligation in respect of imports cleared under Export Promotion Capital Goods Scheme		3434.42		-

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013		Year ended 31-3-2012	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
12 Revenue from operations				
(a) Sale of Paper and Paper Boards		82588.00		56392.81
(b) Sale of Wet Lap Pulp		364.67		4364.47
(c) Sale of Note Books		819.66		314.80
(d) Sale of Stock-in-Trade		3216.94		2274.97
(e) Other Operating Income		1088.06		564.73
		88077.33		63911.78
13 Other Income				
(a) Interest income		262.08		325.44
(b) Dividend Income		82.94		73.49
(c) Other Non Operating Income		165.72		63.84
		510.74		462.77
14 Cost of Materials Consumed				
(a) Raw Materials				
(i) Wood	14424.80		12507.15	
(ii) Bagasse	1963.21		2231.73	
(iii) Purchased Pulp	8302.75		573.83	
(iv) Waste Paper	70.35		2.68	
	24761.11		15315.39	
Feeding and Other Charges	437.53		417.81	
		25198.64		15733.20
(b) Stores and Chemicals		13836.06		11049.43
(c) Packing Materials		1379.31		1120.01
		40414.01		27902.64
15 Purchase of Stock-in-Trade				
(a) Paper and Paper Boards		7.33		913.62
(b) Petroleum Products		2610.89		1683.24
(c) Others		202.66		162.42
		2820.88		2759.28

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013		Year ended 31-3-2012	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
16 Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade				
Closing Stock :				
(a) Finished Goods	533.40		565.05	
(b) Stock-in-Trade	138.12		481.14	
(d) Stock-in-Process	777.85		579.47	
		1449.37		1625.66
Opening Stock :				
(a) Finished Goods	782.22		0.00	
(b) Stock-in-Trade	481.14		0.00	
(c) Stock-in-Process	580.58		504.57	
		1843.94		504.57
		394.57		-1121.09
17 Employee benefits expense				
(a) Salaries and Wages		4136.52		3489.35
(b) Contribution to Provident and other Funds		774.47		612.26
(c) Employee Welfare Expenses		494.59		518.42
		5405.58		4620.03
18 Finance Costs				
(a) Interest expense		4385.82		2413.12
(b) Other borrowing costs		48.30		19.69
(c) Net gain / loss on foreign currency transaction		12.04		-0.50
		4446.16		2432.31

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013		Year ended 31-3-2012	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
19 Other Expenses				
(a) Power and Fuel				
(i) Purchased Power	3487.89		1030.48	
(ii) Consumption of Fuel	10459.62		9532.36	
(iii) Generation Tax	<u>478.86</u>		<u>0.00</u>	
		14426.37		10562.84
(b) Rent		134.83		93.01
(c) Rates and Taxes		146.55		132.47
(d) Insurance		160.51		164.34
(e) Maintenance and Repairs				
(i) Buildings	273.35		226.55	
(ii) Plant and Machinery	2146.44		1501.69	
(iii) Others	<u>172.40</u>		<u>104.02</u>	
		2592.19		1832.26
(f) Selling and Distribution Expenses				
(i) Distributors' Commission	863.28		410.31	
(ii) Cash Discount	1307.99		1057.31	
(iii) Forwarding Charges	<u>2613.37</u>		<u>1655.98</u>	
		4784.64		3123.60
(g) Conversion Charges		351.44		249.38
(h) Office and Administrative Expenses		846.18		684.40
(i) Miscellaneous Expenses		380.48		247.94
		<u>23823.19</u>		<u>17090.24</u>
20 Current Tax				
(a) Income Tax		0.00		1168.00
(b) Minimum Alternate Tax	313.27		0.00	
(c) MAT Credit Entitlement	-313.27		0.00	
(d) MAT Credit Availed	<u>-</u>		<u>287.00</u>	
		<u>0.00</u>		<u>1168.00</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013 ₹ lakhs	Year ended 31-3-2012 ₹ lakhs
21 Deferred Tax		
On account of variation of allowances for tax purposes in :		
(a) Depreciation	- 215.53	- 86.73
(b) Others	- 188.84	4.73
	- 404.37	- 82.00
22 Payments to the Auditors		
(included under Note No. 19)		
(a) As Auditor	12.00	9.00
(b) For taxation matters	0.70	0.70
(c) For Company Law matters	5.10	2.10
(d) For Other Services	0.34	0.08
(e) For Reimbursement of Expenses	0.31	0.42
	18.45	12.30
23 Plant and Machinery on Lease to Others under Note No. 9 - 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.		
24 Value of imports calculated on CIF basis :		
(a) Raw materials	3028.68	544.94
(b) Stores, Spares and Chemicals	9984.99	6729.33
(c) Stock-in-Trade	0.00	350.05
(d) Capital Goods	210.13	199.43
25 Expenditure in foreign currencies :		
(a) Travel	9.58	5.90
(b) Export Commission	74.26	23.00
(c) Others	0	0

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013		Year ended 31-3-2012	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
26 Value of Imported / Indigenous Raw material / Stores, Spares and Chemicals consumed :				
	₹ lakhs	%	₹ lakhs	%
(a) Raw materials:				
(i) Imported	6833.64	22.12	573.84	3.75
(ii) Indigenous	24061.75	77.88	14741.55	96.25
Total	<u>30895.39</u>	<u>100.00</u>	<u>15315.39</u>	<u>100.00</u>
(b) Stores, Spares and Chemicals:				
(i) Imported	11962.70	52.51	11522.32	53.43
(ii) Indigenous	10816.97	47.49	10042.32	46.57
Total	<u>22779.67</u>	<u>100.00</u>	<u>21564.64</u>	<u>100.00</u>

[includes consumption of coal and other fuels ₹ 10383.04 lakhs under Power and Fuel (previous year ₹ 9390.87 lakhs), consumption of spares ₹ 1498.34 lakhs, under Repairs and Maintenance. (Previous year ₹ 1124.33 lakhs)]

27 Amounts remitted in foreign currencies :

(a) Dividends	77.38	77.38
(b) No. of Non-resident shareholders	1	1
(c) No. of shares held	1547695	1547695

28 Earnings in foreign exchange :

(a) Export of goods on FOB basis	10871.28	4434.25
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29 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
- ◇ Ponni Sugars (Erode) Limited (PEL)
- ◇ High Energy Batteries (India) Limited (HEB)
- ◇ SPB Projects and Consultancy Limited (SPB-PC)
- ◇ Time Square Investments Private Limited (TSI)
- ◇ Esvi International (Engineers & Exporters) Limited (ESVIN)
- ◇ Sri K S Kasi Viswanathan, Deputy Managing Director
- ◇ Sri V Pichai, Director (Finance) & Secretary

(ii) Description of relationship between the parties :

Presumption of significant influence.

(iii) Transaction details :

SI No.	Name of the related party	Transactions and amount during the year		Amount outstanding on 31-3-2013
			₹ lakhs	
a	Ponni Sugars (Erode) Limited:	Purchase of Bagasse	1342.16	Assets : Investments in : 18.35 lakhs Equity Shares (21.34%) Receivables : ₹ 610.79 lakhs Liabilities : 12 lakhs Equity Shares (10.67%)
		Purchase of Sugar	7.21	
		Sale of fuel	1809.48	
		Sale of machinery spares	24.75	
		Sale of Paper	1.83	
		Dividend paid	60.00	
		Dividend received	45.88	
		Other transactions (Net Debit)	37.29	
b	High Energy Batteries (India) Limited:	Sale of Paper	0.31	Assets : Investments in : 2.83 lakhs Equity Shares (15.78%) Liabilities : 0.10 lakhs Equity Shares (0.09%)
		Dividend paid	0.52	
		Other transactions (Net Debit)	0.79	

SESHASAYEE PAPER AND BOARDS LIMITED

(iii) Transaction details (Contd.) :

SI No.	Name of the related party	Transactions and amount during the year		Amount outstanding on 31-3-2013
			₹ lakhs	
c	SPB Projects and Consultancy Limited:	Reimbursement of expenses Dividend received	0.24 1.00	Assets : Investments in : 0.50 lakhs Equity Shares (16.67%)
d	Time Square Investments Private Limited:	Dividend paid	58.61	Liabilities : 11.72 lakhs Equity Shares (10.42%)
e	ESVI International (Engineers & Exporters) Limited			Assets : Investments in : 0.25 lakhs Equity Shares (100%)

(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	5.42	4.02	5.91
Other Perquisites	0.05	2.86	2.89
Total	59.95	51.83	53.75

31-3-2013

31-3-2012

30 Earnings per Share

Profit after Tax (₹ lakhs)	2051.37	3409.54
Weighted average number of Shares		
No of equity shares as on 01.04.2012	11250000	11250000
Shares to be allotted Pursuant to Amalgamation	1363628	-
Total	12613628	11250000
Basic earning per share (₹)	16.26	30.31
Diluted earning per share (₹)	16.26	30.31

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)		
	31-3-2013	31-3-2012	31-3-2013	31-3-2013	31-3-2012
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(i) Changes in present value of obligations					
Present Value of Obligations at the beginning of the year	1482.70	1337.00	11.14	134.57	139.32
Interest Cost	133.44	106.96	0.92	10.43	9.78
Current Service Cost	69.44	58.56	8.15	7.56	7.72
Benefits paid	275.21	283.89		26.60	34.02
Actuarial (Gain) / Loss on obligations	310.18	264.07	2.69	5.86	11.77
Present Value of Obligations at the end of the year	1720.55	1482.70	22.90	131.82	134.57
(ii) Changes in the Fair Value of Plan Assets					
Fair Value of Plan Assets at the beginning of the year	1482.70	1395.45		0.00	0.00
Expected Return on Plan Assets	125.61	116.39		0.00	0.00
Contributions	387.45	254.75		26.60	34.02
Benefits paid	275.21	283.89		26.60	34.02
Actuarial (Gain) / Loss on Plan Assets	0.00	0.00		0.00	0.00
Fair Value of Plan Assets at the end of the year	1720.55	1482.70		0.00	0.00
(iii) Fair Value of Plan Assets					
Fair Value of Plan Assets at the beginning of the year	1482.70	1395.45		0.00	0.00
Actual Return on Plan Assets	125.61	116.39		0.00	0.00
Contributions	387.45	254.75		26.60	34.02
Benefits paid	275.21	283.89		26.60	34.02
Fair Value of Plan Assets at the end of the year	1720.55	1482.70		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) 31-3-2013 ₹ lakhs	UNIT : Thirunelveli Group Gratuity Scheme (Non Funded) 31-3-2012 ₹ lakhs	UNIT : Erode Group Gratuity Scheme (Non Funded) 31-3-2013 ₹ lakhs	UNIT : Erode Retirement Benefit Scheme (Non Funded) 31-3-2013 ₹ lakhs	31-3-2012 ₹ lakhs
(iv) Actuarial Gain / Loss recognised					
Actuarial Gain / (Loss) for the year - Obligation	-310.18	-264.07	-2.69	-5.86	-11.77
Actuarial Gain / (Loss) for the year - Plan Assets	0.00	0.00	0.00	0.00	0.00
Total (Gain) / Loss for the year	310.18	264.07	2.69	5.86	11.77
Actuarial (Gain) / Loss recognised in the year	310.18	264.07	2.69	5.86	11.77
(v) Amounts to be recognised in the Balance Sheet and statement of Profit and Loss					
Present Value of Obligations at the end of the year	1720.55	1482.70	22.90	131.82	134.57
Fair Value of Plan Assets at the end of the year	1720.55	1482.70		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	22.90	-131.82	-134.57
(vi) Expenses recognised in the statement of Profit and Loss					
Current Service Cost	69.44	58.56	8.15	7.56	7.72
Interest Cost	133.44	106.96	0.92	10.43	9.78
Expected Return on Plan Assets	125.61	116.39		0.00	0.00
Net Actuarial (Gain) / Loss recognised in the year	310.18	264.07	2.69	5.86	11.77
Expenses recognised in the statement of Profit and Loss	387.45	313.20	11.76	23.85	29.27
(vii) Actuarial Assumptions					
Discount Rate	8.00%	8.00%	8.25%	7.90%	8.60%
Expected return on Plan Assets	9.40%	9.40%		Not applicable	Not applicable
Salary increase	5.00%	3.00%	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 (Unit: Erode)

	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
(a) Group Gratuity Scheme :					
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
31-3-2009	1019.33	1019.33	0.00	123.93	0.00
(b) Retirement Benefit Scheme :					
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
31-3-2009	92.61	0.00	-92.61	2.03	0.00

<p style="text-align: center;">Vide our report of date attached</p> <p>For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.023305 Partner Chartered Accountants</p> <p>Chennai May 30, 2013</p>	<p>For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.020583 Partner Chartered Accountants</p>	<p style="text-align: center;">N GOPALARATNAM Chairman and Managing Director</p> <p style="text-align: center;">V PICHAI Director (Finance) & Secretary</p>
		<p style="text-align: center;">ARUN G BIJUR BIMAL KUMAR PODDAR R V GUPTA MOHAN VERGHESE CHUNKATH Dr S NARAYAN PHILOMINA THOMAS V SRIDAR Directors</p> <p style="text-align: center;">K S KASI VISWANATHAN Deputy Managing Director</p>

SESHASAYEE PAPER AND BOARDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

	Year ended 31-3-2013		Year ended 31-3-2012	
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation		1647.00		4495.54
Adjustments for :				
<i>Add :</i>				
Assets discarded	31.03		1.70	
Depreciation	4914.48		3425.60	
Interest and financing charges	4452.30		1959.83	
		<u>9397.81</u>		<u>5387.13</u>
		11044.81		9882.67
<i>Less :</i>				
Income from Investments	82.94		30.28	
Profit / Loss on sale of assets	1.62		5.83	
Effect of changes in Foreign Currency Exchange Rate	<u>-12.04</u>		<u>8.37</u>	
		72.52		44.48
Operating profit before working capital changes		10972.29		9838.19
Increase / Decrease in working capital :				
Increase / Decrease in Inventories	3810.85		-4132.14	
Increase / Decrease in Sundry Debtors	3106.89		-4784.72	
Increase / Decrease in Other Current Assets	6312.56		-7248.27	
Increase / Decrease in Liabilities and Provisions	-10558.02		8742.63	
Effect of Scheme of Amalgamation	8478.46		0.00	
		11150.74		-7422.50
Income tax paid		-1197.76		-879.26
Net cash from operating activities		<u>20925.27</u>		<u>1536.43</u>
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		-1413.28		-753.61
Acquisition of fixed assets on account of Amalgamation		-29450.06		-
Value of discarded assets		-31.03		-1.70
Sale / reduction in value of fixed assets		41.91		92.04
Income from Non-trade Investments		82.94		30.28
Purchase of Investments		<u>-1203.00</u>		<u>0.00</u>
Net cash used in investing activities		<u>-31972.52</u>		<u>-632.99</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013 ₹ lakhs	Year ended 31-3-2012 ₹ lakhs
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase / Decrease in Unsecured Loans	-295.24	-20599.40
Increase / Decrease in Loans to other Corporates	-500.00	17450.00
Increase / Decrease of Term Loans	-3515.93	-4999.71
Increase / Decrease in Working Capital Borrowings	8053.48	7814.33
Dividend and Dividend tax paid	-653.75	-653.75
Interest and financing charges paid	-6502.75	-2150.40
Effect of Scheme of Amalgamation		
Shares pending allotment on account of Amalgamation	136.36	-
Increase / Decrease of Term Loan on account of Amalgamation	15300.00	-
Increase / Decrease of working capital Borrowings on account of Amalgamation	1869.58	-
Surplus on account of Amalgamation	3665.66	-
Net cash from financing activities	17557.41	-3138.93
Net increase / Decrease in cash and cash equivalents (I)	6510.16	-2235.49
Cash and cash equivalents as at 31-3-2012 (II)	648.96	2884.45
Opening cash and cash equivalent on account of amalgamation (III)	238.70	-
Cash and cash equivalents as at 31-3-2013 (I + II + III)	7397.82	648.96

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 ₹ Nil. (Previous year - ₹ 0.50 lakhs - Debit).
- 4 Current Year's Figures are not comparable with previous year's figures due to amalgamation of the Transferor Company with the Transferee Company with effect from 1st April 2012.

		ARUN G BIJUR
		BIMAL KUMAR PODDAR
		R V GUPTA
Vide our report of date attached	N GOPALARATNAM	MOHAN VERGHESE CHUNKATH
	Chairman and	Dr S NARAYAN
For Messrs S VISWANATHAN	Managing Director	PHILOMINA THOMAS
Firm Regn. No. 004770S		V SRIDAR
Chella K Srinivasan	For SURI & CO.,	Directors
Membership No.023305	Firm Regn. No. 004283S	
Partner	S Swaminathan	
Chartered Accountants	Membership No.020583	
Chennai	Partner	
May 30, 2013	Chartered Accountants	
	V PICHAI	K S KASI VISWANATHAN
	Director (Finance) &	Deputy Managing Director
	Secretary	

SESHASAYEE PAPER AND BOARDS LIMITED

Consolidated Financial Statements and Notes

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

SURI & CO.,
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF
M/S SESHASAYEE PAPER AND BOARDS LIMITED**

We have audited the accompanying Consolidated Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED and its subsidiary, which comprise the Consolidated Balance Sheet as at 31st March 2013, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated 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 Consolidated 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 Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial

Statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated 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 Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances. 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 Consolidated Financial Statements.

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

We did not audit the financial statements and other financial information of the subsidiary, which have been audited by other Auditors whose reports have been furnished to us and our opinion is based on the report of other Auditors. The attached Consolidated Financial Statements include assets of ₹165.54 lakhs as at 31st March 2013 and revenues of ₹ 1.04 lakh in respect of the aforementioned subsidiary for the year then ended.

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 Companies Act, 1956, ('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 Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2013;

SESHASAYEE PAPER AND BOARDS LIMITED

(b) in the case of the Consolidated Statement of Profit and Loss, of the PROFIT for the year ended on that date; and

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

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

For SURI & CO.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

Chennai
May 30, 2013

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2013

	Note No.	As at 31-3-2013	₹ lakhs	₹ lakhs
I EQUITY AND LIABILITIES				
1 Shareholders' Funds				
(a) Share Capital	6		1125.00	
(b) Reserves and Surplus	7		35064.11	
(c) Shares Pending allotment (Refer Note 3)			<u>136.36</u>	36325.47
2 Non Current Liabilities				
(a) Long Term Borrowings	8(a)		19468.32	
(b) Deferred Tax Liabilities (net)	8(b)		7815.13	
(c) Other Long Term Liabilities	8(c)		1342.22	
(d) Long Term Provisions	8(d)		<u>1477.18</u>	30102.85
3 Current Liabilities				
(a) Short Term Borrowings	9(a)		17737.40	
(b) Trade Payables	9(b)		19506.01	
(c) Other Current Liabilities	9(c)		7030.01	
(d) Short Term Provisions	9(d)		<u>1103.73</u>	
Total				<u>45377.15</u> <u>111805.47</u>
II ASSETS				
1 Non Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	10(a)		71204.26	
(ii) Intangible Assets	10(b)		178.95	
(iii) Capital Work-in-Progress	10(c)		244.79	
(b) Non Current Investments	10(d)		1080.46	
(c) Goodwill on Consolidation			1178.01	
(d) Long Term Loans and Advances	10(e)		2205.49	
(e) Other Non Current Assets	10(f)		<u>37.32</u>	76129.28
2 Current Assets				
(a) Inventories	11(a)		8712.59	
(b) Trade Receivables	11(b)		9911.08	
(c) Cash and Bank Balances	11(c)		7402.44	
(d) Short Term loans and Advances	11(d)		9280.55	
(e) Other Current Assets	11(e)		<u>369.53</u>	
Total				<u>35676.19</u> <u>111805.47</u>

	Vide our report of date attached	N GOPALARATNAM Chairman and Managing Director	ARUN G BIJUR BIMAL KUMAR PODDAR R V GUPTA MOHAN VERGHESE CHUNKATH Dr S NARAYAN PHILOMINA THOMAS V SRIDAR Directors
For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.023305 Chennai May 30, 2013	For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.020583 Partner Chartered Accountants	V PICHAI Director (Finance) & Secretary	K S KASI VISWANATHAN Deputy Managing Director

SESHASAYEE PAPER AND BOARDS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH 2013

	Note No.	Year ended 31-3-2013	
		₹ lakhs	₹ lakhs
I Revenue from operations :			
Sales and Other Operating Income	13	88077.94	
Less : Excise Duty		<u>4722.20</u>	
			83355.74
II Other Income	14		511.17
III Total Revenue (I + II)			<u>83866.91</u>
IV Expenses :			
(a) Cost of Materials Consumed	15		40414.01
(b) Purchase of Stock-in-Trade	16		2820.88
(c) Changes in inventories of Finished Goods, Work-in- Process and Stock-in-Trade	17		394.57
(d) Employee benefits expense	18		5405.58
(e) Finance Costs	19		4446.29
(f) Depreciation and Amortisation expense	10		4914.70
(g) Other Expenses	20		23824.69
Total expenses			<u>82220.72</u>
V Profit before exceptional and extraordinary items and tax (III - IV)			1646.19
VI Exceptional items			0.00
VII Profit before extraordinary items and tax (V - VI)			1646.19
VIII Extraordinary items			0.00
IX Profit before Tax (VII - VIII)			1646.19
X Tax Expense :			
(a) Current Tax	21	0.09	
(b) Deferred Tax	22	<u>-404.37</u>	
			<u>-404.28</u>
XI Profit for the period from continuing operations (IX - X)			2050.47

SESHASAYEE PAPER AND BOARDS LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

	Year ended 31-3-2013 ₹ lakhs
XII Profit / Loss from discontinuing operations	0.00
XIII Tax expense of discontinuing operations	0.00
XIV Profit / Loss from discontinuing operations after tax (XII - XIII)	0.00
XV Profit for the period (XI + XIV)	<u>2050.47</u>
XVI Earnings Per Equity Share :	
(a) Basic	26 16.26
(b) Diluted	26 16.26

<p style="text-align: center;">Vide our report of date attached</p> <p>For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.023305 Partner Chartered Accountants</p> <p>Chennai May 30, 2013</p>	<p>For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.020583 Partner Chartered Accountants</p>	<p style="text-align: center;">N GOPALARATNAM Chairman and Managing Director</p> <p style="text-align: center;">V PICHAI Director (Finance) & Secretary</p>
<p>ARUN G BIJUR BIMAL KUMAR PODDAR R V GUPTA MOHAN VERGHESE CHUNKATH Dr S NARAYAN PHILOMINA THOMAS V SRIDAR Directors</p> <p>K S KASI VISWANATHAN Deputy Managing Director</p>		

Notes forming part of the Consolidated Balance Sheet as at 31st March 2013 and Consolidated Statement of Profit and Loss for the year ended 31st March 2013.

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 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 SCHEME OF AMALGAMATION

A) Disclosure in respect of Amalgamation in accordance with Accounting Standard (AS) 14 - Accounting for Amalgamations

a) Names and general nature of Business of the Amalgamating Companies:

Names:

Transferor Company - SPB Papers Limited

Transferee Company - Seshasayee Paper and Boards Limited

General nature of Business:

Transferor Company - Manufacture of Printing & Writing paper

Transferee Company - Manufacture of Printing & Writing Paper and Paper Boards

b) Effective date of Amalgamation for accounting purposes : 01-04-2012

c) Method of Accounting used to reflect Amalgamation : Purchase Method

d) Particulars of the Scheme sanctioned :

i) The Authorised Share Capital of the Transferee Company is increased by transfer of the Authorised Share Capital of the Transferor Company aggregating ₹ 1 500 lakhs, comprising of 1 50 00 000 Equity Shares of ₹ 10/-each.

ii) The Equity shareholders of Transferor Company will be allotted 1 Equity Share of ₹ 10/-each, of the Transferee Company as fully paid up for every 11 Equity Shares of ₹ 10/-each held by them in the Transferor Company.

iii) 13 63 238 Equity Shares of ₹ 10/-each are to be issued as fully paid up to the Equity Shareholders of Transferor Company.

SESHASAYEE PAPER AND BOARDS LIMITED

- iv) The Value of all assets and liabilities (other than Shareholders' Funds) of the Transferor Company, as on the appointed date, at their respective fair values vest with the Transferee Company.
 - v) The Inter-Corporate deposits/loans and advances, receivables/payables outstanding as on the Appointed date between the Transferee Company and Transferor Company shall stand cancelled.
 - vi) Consideration for the Amlagamation and a description of the Consideration paid:
 - a) 13 63 628 Equity Shares of ₹ 10/-each fully paid-up (pending allotment) : ₹ 136 lakhs
Less:
Value of Net Assets of Transferor Company transferred-at fair value : ₹ 3801 lakhs
Surplus credited to Capital Reserve : ₹ 3665 lakhs
 - b) Contingently Payable : NIL
 - vii) In terms of the Scheme the Transferor Company continued the Operations as Trustee of Transferee Company. The results of such operations have been duly incorporated in the accounts of the Transferee Company.
- B) The Scheme of Amlgamation between Transferor Company with Transferee Company was sanctioned by the Hon'ble High Court of Madras, vide its Order dated 26.04.2013, a certified copy of which has been filed with the Registrar of Companies, Chennai on 24.05.2013 and accordingly these accounts have been prepared giving effect to the Scheme of Amalgamation.
- C) Consequent to the Amalgamation, the carried forward losses and unabsorbed depreciation of Transferor Company are eligible to be adjusted against the income of the Transferee Company in accordance with Section 72A of the Income Tax Act, 1961. Such carried forward benefits adjusted in the current year to the extent of income amount to ₹ 28.39 crores.
- D) Shares of the Transferor Company that are held by the Transferee Company have been transferred to SPB Equity Trust exclusively for the benefit of the Transferee company and its Successors. The value of such assets is recognised under Long Term Loans and Advances in Note No 10(e).
- 4** Seshasayee Paper and Boards Limited acquired 100% in the Equity Capital of Esvi International (Engineers & Exporters) Limited on 23.03.2013 and Consolidated Financial Statements are prepared from that date and furnishing of previous year figures are not applicable.
- 5** Principles used in preparing Consolidated Financial Statements
- i) In preparing Consolidated Financial Statements, the financial statements of the parent and its subsidiary is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
 - ii) The cost to the parent of its investment in a subsidiary and the parent's portion of equity of subsidiary, at the date on which investment in subsidiary is made, is eliminated.
 - iii) Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2013
₹ lakhs

6 SHARE CAPITAL

AUTHORISED :

4 00 00 000 - Equity Shares of ₹ 10 each (Previous year : 2 50 00 000 Equity Shares of ₹ 10 each)	4000.00
3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each	3000.00
	7000.00

ISSUED, SUBSCRIBED AND FULLY PAID UP :

1 12 50 000 - Equity Shares of ₹ 10 each fully paid up	1125.00
	1125.00

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

	No. of Shares in lakhs	Value ₹ lakhs
Equity Shares :		
At the beginning and at the end of the year	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
(i) Tamilnadu Industrial Investment Corporation Limited	18.00	16.00
(ii) Synergy Investments Pte Ltd	15.48	13.76
(iii) Ponni Sugars (Erode) Ltd	12.00	10.67
(iv) Time Square Investments (P) Ltd	11.72	10.42

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013	
	₹ lakhs	₹ lakhs
7 RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	50.29	
Add: Addition during the Year (Refer Note 3)	<u>3665.66</u>	
		3715.95
Securities Premium Account		
As per last Balance Sheet		360.00
Other Reserves :		
Investment Allowance Reserve		
As per last Balance Sheet	0.00	
Less : Transfer to Surplus in Statement of Profit and Loss	<u>0.00</u>	
		0.00
General Reserve		
As per last Balance Sheet	26504.00	
Add: Amount transferred from surplus in Statement of Profit and Loss	<u>1000.00</u>	
Closing Balance		27504.00
Surplus in Statement of Profit and Loss		
Balance as per Statement of Profit and Loss of the previous year	3023.99	
Profit for the year	2050.47	
Transfer from Investment Allowance Reserve	<u>0.00</u>	
	<u>5074.46</u>	
Less :		
- Transfer to General Reserve	1000.00	
- Proposed Equity Dividend - Amount per Equity Share ₹ 4 (Previous year - ₹ 5 per Equity Share)	504.55	
- Tax on proposed Equity Dividend	<u>85.75</u>	
	<u>1590.30</u>	
Net Surplus in Statement of Profit and Loss		<u>3484.16</u>
Total Reserves and Surplus		<u>35064.11</u>

As at
31-3-2013
₹ lakhs

8 NON CURRENT LIABILITIES

(a) Long Term Borrowings

(i) Term Loans from Banks - Secured 15298.00

Unit: Erode: Term Loans and Current maturities of long term loans amounting to ₹ 5154.05 lakhs are Secured by :

- a) a charge, by way of mortgage of immovable properties 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) and
- b) by way of hypothecation of all Unit:Erode movables, including movable plant and machinery, save and except book debts, subject to prior charge in favour of Company's bankers, for securing working capital advances.

Terms of repayment :

The entire Unit:Erode Term loan is repayable in quarterly instalments at ₹ 1500.11 lakhs per quarter, during the quarters ending June and September 2013 and the balance during December 2013.

Period and amount of continuing default : Nil

Unit: Tirunelveli: Term Loans and Current maturities of long term loans amounting to ₹ 16380 lakhs are 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) by way of hypothecation of all Unit: Tirunelveli movables, including movable plant and machinery and book debts.

Terms of repayment :

The Unit: Tirunelveli loan is repayable in quarterly instalments of ₹ 541 lakhs per quarter from December 2013 to September 2015, ₹ 756.50 lakhs per quarter from December 2015 to September 2017 and ₹ 865 lakhs per quarter during December 2017 to September 2019.

Period and amount of continuing default : Nil

Carried over

15298.00

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs												
Brought forward	15298.00												
(ii) Term Loan from Others - Unsecured													
Term of repayment: (Repayable within three years from April 2012)	60.00												
(iii) Other Loans and Advances :													
Interest Free Sales Tax Loan - Unsecured	4110.32												
Terms of repayment :													
The Unit: Erode is entitled to the benefit of Interest Free Sales Tax Deferral for ten years from 01 06 2003 and not exceeding an amount of ₹ 6304 lakhs. The Sales Tax so deferred is to be repaid over a period of ten years from 01 06 2013.													
	19468.32												
(b) Deferred Tax Liabilities (net)	7815.13												
Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in :	7815.13												
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="text-align: center;">Current year ₹ lakhs</th> <th style="text-align: center;">Upto 31-3-2013 ₹ lakhs</th> </tr> </thead> <tbody> <tr> <td>- Depreciation</td> <td style="text-align: right;">(-) 215.53</td> <td style="text-align: right;">(-) 7954.78</td> </tr> <tr> <td>- Others</td> <td style="text-align: right;">(-) 188.84</td> <td style="text-align: right;">(+) 139.65</td> </tr> <tr> <td>- Total</td> <td style="text-align: right;">(-) 404.37</td> <td style="text-align: right;">(-) 7815.13</td> </tr> </tbody> </table>		Current year ₹ lakhs	Upto 31-3-2013 ₹ lakhs	- Depreciation	(-) 215.53	(-) 7954.78	- Others	(-) 188.84	(+) 139.65	- Total	(-) 404.37	(-) 7815.13	
	Current year ₹ lakhs	Upto 31-3-2013 ₹ lakhs											
- Depreciation	(-) 215.53	(-) 7954.78											
- Others	(-) 188.84	(+) 139.65											
- Total	(-) 404.37	(-) 7815.13											
(c) Other Long Term Liabilities													
Trade Payables :													
Security Deposit from Dealers	1342.22												
	1342.22												
(d) Long Term Provisions													
Provision for Employee Benefits	440.68												
Provision for Generation Tax	1036.50												
	1477.18												

As at
31-3-2013
₹ lakhs

9 CURRENT LIABILITIES

(a) Short Term Borrowings

- | | |
|--|-----------------|
| (i) Working Capital Borrowings from
Banks - Secured | 17737.40 |
|--|-----------------|

Unit: Erode: Borrowings amounting to
₹13607.73 lakhs Secured by :

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-transit, Stock-in-trade, Stock-in-process and Book Debts of Unit: Erode and
- second charge, on the fixed assets of Unit: Erode, enumerated in 8(a)(i)(a) above, to the extent of ₹ 8500 lakhs.

Period and amount of continuing default : Nil

Unit: Tirunelveli: Borrowings amounting to
₹ 4129.67 lakhs Secured by :

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-transit, Stock-in-trade, Stock-in-process and Book Debts of Unit: Tirunelveli and
- second charge, on the fixed assets of Unit: Tirunelveli

17737.40

(b) Trade Payables

Acceptances	7726.80
Sundry Creditors	11779.21
	<u>19506.01</u>

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2013
₹ lakhs ₹ lakhs

Notes :

The disclosure requirement as required under Micro, Small and Medium Enterprises Development Act, 2006 is as follows :

Principal amount due as on March 31		257.81
Interest due and unpaid on the above as on March 31		0
Interest paid		0
Interest due and payable		0
Interest accrued and remaining unpaid as on March 31		0
Amount of further interest remaining due and payable in the succeeding years		0
(c) Other Current Liabilities		
Current maturities of long term loans	6236.05	
Interest accrued but not due on borrowings	94.94	
Unclaimed dividend	<u>68.64</u>	
		6399.63
Rent Deposits		21.28
Others - Tax deducted / collected at source and Value Added Tax (remitted in April 2013)		609.10
		<u>7030.01</u>
(d) Short Term Provisions		
Provision for Employee Benefits		212.98
Others :		
- Disputed sales tax		300.45
- Dividend Payable	504.55	
- Tax on Dividend Payable	<u>85.75</u>	
		590.30
		<u>1103.73</u>

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2013
₹ lakhs

10 NON CURRENT ASSETS

Fixed Assets

(a) Tangible Assets	71204.26
(b) Intangible Assets	178.95
(c) Capital Work-in-Progress	244.79
	71628.00

Details :

PARTICULARS	COST				DEPRECIATION			WRITTEN DOWN VALUE			
	As at 1-4-2012	Additions Pursuant to the Scheme	For the Year	Deductions/ Adjustments	As at 31-3-2013	Upto 31-3-2012	For the Year	Withdrawn/ Adjustments	Upto 31-3-2013	As at 31-3-2013	As at 31-3-2012
	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
(a) TANGIBLE ASSETS											
LAND AND BETTERMENT BUILDINGS	113.59	301.42	0.00	0.00	415.01	0.00	0.00	0.00	0.00	415.01	108.35
- LEASEHOLD	20.51	0.00	0.00	0.00	20.51	5.69	0.33	0.00	6.02	14.49	14.82
- OTHERS	7513.62	5148.20	102.22	9.84	12754.20	2042.50	402.33	2.49	2442.34	10311.86	5359.34
PLANT AND MACHINERY											
- ON LEASE TO OTHERS	4210.62	0.00	0.00	0.00	4210.62	4210.62	0.00	0.00	4210.62	0.00	0.00
- OTHERS	63343.66	23908.00	1546.34	110.52	88687.48	24538.15	4398.36	80.69	28855.82	59831.66	38786.70
FURNITURE & FIXTURES	640.68	0.00	15.86	2.82	653.72	307.33	27.72	0.84	334.21	319.51	323.82
VEHICLES	172.01	92.44	9.22	0.00	273.67	75.32	23.60	0.00	98.92	174.75	96.69
OFFICE EQUIPMENTS	559.87	0.00	22.75	21.99	560.63	410.67	33.84	20.86	423.65	136.98	149.20
	76574.56	29450.06	1696.39	145.17	107575.84	31590.28	4886.18	104.88	36371.58	71204.26	44838.92
(b) INTANGIBLE ASSETS											
TECHNICAL KNOW-HOW	220.29	0.00	38.31	0.00	258.60	63.44	22.39	0.00	85.83	172.77	156.85
COMPUTER SOFTWARE	16.60	0.00	5.10	0.00	21.70	9.39	6.13	0.00	15.52	6.18	7.21
	236.89	0.00	43.41	0.00	280.30	72.83	28.52	0.00	101.35	178.95	164.06
(c) CAPITAL WORK-IN-PROGRESS											
AT COST										244.79	571.30
TOTAL	76811.45	29450.06	1739.80	145.17	107856.14	31663.11	4914.70	104.88	36472.93	71628.00	45574.28

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2013
₹ lakhs

(d) Non Current Investments

NON-TRADE

IN EQUITY INSTRUMENTS - FULLY PAID:

Quoted:

2 65 830	Equity Shares of ₹ 2 each in Housing Development Finance Corporation Limited	7.09
2 500	Equity Shares of ₹ 2 each in HDFC Bank Limited	0.05
1 14 080	Equity Shares of ₹ 10 each in IDBI Bank Limited	91.07
2 82 911	Equity Shares of ₹ 10 each in High Energy Batteries (India) Limited *	387.15

Unquoted:

50 000	Equity Shares of ₹ 10 each in Agri Development Finance (Tamilnadu) Limited	5.00
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TRADE

IN EQUITY INSTRUMENTS - FULLY PAID:

Quoted:

18 40 062	Equity Shares of ₹ 10 each in Ponni Sugars (Erode) Limited *	471.04
1 00 000	Equity Shares of ₹ 10 each in Tamilnadu Newsprint and Papers Limited	106.70
	Carried over	1068.10

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013 ₹ lakhs
Brought forward	1068.10
TRADE	
IN EQUITY INSTRUMENTS - FULLY PAID (Contd.) :	
Others	
6 050 Equity Shares of ₹ 10/- each in ESVIN Advanced Technologies Limited	0.61
52 250 Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited *	5.23
10 000 Equity Shares of ₹ 10 each in OPG Energy Private Limited	1.00
55 000 Equity Shares of ₹ 10 each in Time Square Investments Private Limited	5.52
62 50 000 Equity Shares of ₹ 10 each in SPB Papers Limited	0.00
* Associates	
	1080.46
Aggregate amount of :	
Quoted Investments	
- Cost	1063.10
- Market Value	7414.74
Unquoted Investments	
- Cost	17.36
(e) Long Term Loans and Advances	
Capital Advances - Unsecured - Considered Good	24.64
Security Deposits - Unsecured - Considered Good	430.85
Other Loans and Advances :	
- Inter Corporate Loans - Secured - Considered Good	500.00
- Due from SPB Equity Shares Trust - Unsecured - Considered Good (Refer Note 3)	1250.00
	2205.49
(f) Other Non-Current Assets	
Others-In deposit Account with Bank Offered as Security (Maturity is more than 12 months)	37.32
	37.32

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2013	
	₹ lakhs	₹ lakhs
11 CURRENT ASSETS		
(a) Inventories		
Raw Materials		2475.19
Stores, Spares, Chemicals and others		5087.49
Finished Goods		533.40
Stock-in-Trade		138.12
Stock-in-Process		478.39
<i>[For method of valuation, please refer to Note No. 1(d)]</i>		
		<u>8712.59</u>
(b) Trade Receivables		
Secured - Considered Good :		
Exceeding six months	306.52	
Other debts	<u>1300.10</u>	1606.62
Unsecured - Considered Good :		
Exceeding six months	200.98	
Other debts	<u>8103.48</u>	8304.46
Doubtful :		
Exceeding six months	48.07	
Less : Allowance for doubtful debts	<u>48.07</u>	0.00
		<u>9911.08</u>
(c) Cash and Bank Balances		
Cash and Cash Equivalents :		
- Cash on hand		14.88
Bank balances :		
- In Current Accounts		7308.06
Other Bank Balances :		
- Unclaimed Dividend Account		68.63
- In Deposit Account offered as security		<u>10.87</u>
		<u>7402.44</u>

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2013
₹ lakhs ₹ lakhs

(d) Short Term Loans and Advances

Loans and Advances to Related Parties - Unsecured - Considered Good		0.00
Others :		
Secured - Considered Good		
- Inter Corporate Loans	100.00	
Unsecured - Considered Good		
- Prepaid expenses	151.67	
- Balances in Current Account with Central Excise Department and Port Trust	1941.89	
- Tax payments pending adjustments (net)	2137.34	
- MAT Credit Entitlement	2572.10	
- Others	2377.55	
		9280.55
		9280.55

(e) Other Current Assets

Others		369.53
		369.53

12 Contingent Liabilities and Commitments not provided for

(i) Contingent Liabilities :		
(a) Claims against the Company not acknowledged as debts		1538.86
(b) Guarantees		9.50
(ii) Commitments :		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		179.18
(b) Export obligation in respect of imports cleared under Export Promotion Capital Goods Scheme		3434.42

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013	
	₹ lakhs	₹ lakhs
13 Revenue from operations		
(a) Sale of Paper and Paper Boards		82588.00
(b) Sale of Wet Lap Pulp		364.67
(c) Sale of Note Books		819.66
(d) Sale of Stock-in-Trade		3216.94
(e) Sale of Services		0.61
(f) Other Operating Income		1088.06
		<u>88077.94</u>
14 Other Income		
(a) Interest income		262.51
(b) Dividend Income		82.94
(c) Other Non Operating Income		165.72
		<u>511.17</u>
15 Cost of Materials Consumed		
(a) Raw Materials		
(i) Wood	14424.80	
(ii) Bagasse	1963.21	
(iii) Purchased Pulp	8302.75	
(iv) Waste Paper	70.35	
	<u>24761.11</u>	
Feeding and Other Charges	437.53	
		<u>25198.64</u>
(b) Stores and Chemicals		13836.06
(c) Packing Materials		1379.31
		<u>40414.01</u>
16 Purchase of Stock-in-Trade		
(a) Paper and Paper Boards		7.33
(b) Petroleum Products		2610.89
(c) Others		202.66
		<u>2820.88</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013	
	₹ lakhs	₹ lakhs
17 Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade		
Closing Stock :		
(a) Finished Goods	533.40	
(b) Stock-in-Trade	138.12	
(d) Stock-in-Process	<u>777.85</u>	
		1449.37
Opening Stock :		
(a) Finished Goods	782.22	
(b) Stock-in-Trade	481.14	
(c) Stock-in-Process	<u>580.58</u>	
		1843.94
		<u>394.57</u>
18 Employee benefits expense		
(a) Salaries and Wages		4136.52
(b) Contribution to Provident and other Funds		774.47
(c) Employee Welfare Expenses		<u>494.59</u>
		<u>5405.58</u>
19 Finance Costs		
(a) Interest expense		4385.95
(b) Other borrowing costs		48.30
(c) Net gain / loss on foreign currency transaction		<u>12.04</u>
		<u>4446.29</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013	
	₹ lakhs	₹ lakhs
20 Other Expenses		
(a) Power and Fuel		
(i) Purchased Power	3487.89	
(ii) Consumption of Fuel	10459.62	
(iii) Generation Tax	<u>478.86</u>	
		14426.37
(b) Rent		134.83
(c) Rates and Taxes		146.55
(d) Insurance		160.51
(e) Maintenance and Repairs		
(i) Buildings	274.83	
(ii) Plant and Machinery	2146.44	
(iii) Others	<u>172.40</u>	
		2593.67
(f) Selling and Distribution Expenses		
(i) Distributors' Commission	863.28	
(ii) Cash Discount	1307.99	
(iii) Forwarding Charges	<u>2613.37</u>	
		4784.64
(g) Conversion Charges		351.44
(h) Office and Administrative Expenses		846.19
(i) Miscellaneous Expenses		<u>380.49</u>
		<u>23824.69</u>
21 Current Tax		
(a) Income Tax		0.09
(b) Minimum Alternate Tax	313.10	
(c) MAT Credit Entitlement	-313.10	
(d) MAT Credit Availed	<u>-</u>	
		<u>0.09</u>

Year ended
31-3-2013
₹ lakhs

22 Deferred Tax

On account of variation of allowances
for tax purposes in :

(a) Depreciation	- 215.53
(b) Others	- 188.84
	- 404.37

23 Payments to the Auditors

(included under Note No. 20)

(a) As Auditor	12.20
(b) For taxation matters	0.80
(c) For Company Law matters	5.10
(d) For Other Services	0.34
(e) For Reimbursement of Expenses	0.37
	18.81

24 Plant and Machinery on Lease to Others under Note No. 10 - 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.

25 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
- ◇ Ponni Sugars (Erode) Limited (PEL)
- ◇ High Energy Batteries (India) Limited (HEB)
- ◇ SPB Projects and Consultancy Limited (SPB-PC)
- ◇ Time Square Investments Private Limited (TSI)
- ◇ Sri K S Kasi Viswanathan, Deputy Managing Director
- ◇ Sri V Pichai, Director (Finance) & Secretary

(ii) Description of relationship between the parties :

Presumption of significant influence.

(iii) Transaction details :

SI No.	Name of the related party	Transactions and amount during the year		Amount outstanding on 31-3-2013
			₹ lakhs	
a	Ponni Sugars (Erode) Limited:	Purchase of Bagasse	1342.16	Assets : Investments in : 18.40 lakhs Equity Shares (21.40%) Receivables : ₹ 610.79 lakhs Liabilities : 12 lakhs Equity Shares (10.67%)
		Purchase of Sugar	7.21	
		Sale of fuel	1809.48	
		Sale of machinery spares	24.75	
		Sale of Paper	1.83	
		Dividend paid	60.00	
		Dividend received	45.88	
		Other transactions (Net Debit)	37.38	
b	High Energy Batteries (India) Limited:	Sale of Paper	0.31	Assets : Investments in : 2.83 lakhs Equity Shares (15.78%) Payables : ₹ 2.25 lakhs Liabilities : 0.10 lakhs Equity Shares (0.09%)
		Dividend paid	0.52	
		Other transactions (Net Debit)	0.88	

SESHASAYEE PAPER AND BOARDS LIMITED

(iii) Transaction details (Contd.) :

SI No.	Name of the related party	Transactions and amount during the year		Amount outstanding on 31-3-2013
			₹ lakhs	
c	SPB Projects and Consultancy Limited:	Reimbursement of expenses Dividend received Rent received Interest paid	0.24 1.00 0.43 0.14	Assets : Investments in : 0.52 lakhs Equity Shares (17.42%) Payables: ₹ 131.41 lakhs (including Term Loan of ₹ 60 lakhs and Rent deposit of ₹ 15 lakhs)
d	Time Square Investments Private Limited:	Dividend paid	58.61	Assets : Investments in : 0.55 lakhs Equity Shares (5.71%) Liabilities : 11.72 lakhs Equity Shares (10.42%)

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

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
	₹ lakhs	₹ lakhs	₹ 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	5.42	4.02	5.91
Other Perquisites	0.05	2.86	2.89
Total	59.95	51.83	53.75

31-3-2013

26 Earnings per Share

Profit after Tax (₹ lakhs)	2050.47
Weighted average number of Shares	
No of equity shares as on 01.04.2012	11250000
Shares to be allotted Pursuant to Amalgamation	1363628
Total	12613628
Basic earning per share (₹)	16.26
Diluted earning per share (₹)	16.26

SESHASAYEE PAPER AND BOARDS LIMITED

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

	UNIT : Erode Group Gratuity Scheme (Funded) 31-3-2013 ₹ lakhs	UNIT : Tirunelveli Group Gratuity Scheme (Non Funded) 31-3-2013 ₹ lakhs	UNIT : Erode Retirement Benefit Scheme (Non Funded) 31-3-2013 ₹ lakhs
(i) Changes in present value of obligations			
Present Value of Obligations at the beginning of the year	1482.70	11.14	134.57
Interest Cost	133.44	0.92	10.43
Current Service Cost	69.44	8.15	7.56
Benefits paid	275.21		26.60
Actuarial (Gain) / Loss on obligations	310.18	2.69	5.86
Present Value of Obligations at the end of the year	1720.55	22.90	131.82
(ii) Changes in the Fair Value of Plan Assets			
Fair Value of Plan Assets at the beginning of the year	1482.70		0.00
Expected Return on Plan Assets	125.61		0.00
Contributions	387.45		26.60
Benefits paid	275.21		26.60
Actuarial (Gain) / Loss on Plan Assets	0.00		0.00
Fair Value of Plan Assets at the end of the year	1720.55		0.00
(iii) Fair Value of Plan Assets			
Fair Value of Plan Assets at the beginning of the year	1482.70		0.00
Actual Return on Plan Assets	125.61		0.00
Contributions	387.45		26.60
Benefits paid	275.21		26.60
Fair Value of Plan Assets at the end of the year	1720.55		0.00
Funded Status	0.00		0.00
Excess of Actual over estimated return on Plan Assets	0.00		0.00

SESHASAYEE PAPER AND BOARDS LIMITED

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

	UNIT : Erode Group Gratuity Scheme (Funded) 31-3-2013 ₹ lakhs	UNIT : Thirunelveli Group Gratuity Scheme (Non Funded) 31-3-2013 ₹ lakhs	UNIT : Erode Retirement Benefit Scheme (Non Funded) 31-3-2013 ₹ lakhs
(iv) Actuarial Gain / Loss recognised			
Actuarial Gain / (Loss) for the year - Obligation	-310.18	-2.69	-5.86
Actuarial Gain / (Loss) for the year - Plan Assets	0.00	0.00	0.00
Total (Gain) / Loss for the year	310.18	2.69	5.86
Actuarial (Gain) / Loss recognised in the year	310.18	2.69	5.86
(v) Amounts to be recognised in the Balance Sheet and statement of Profit and Loss			
Present Value of Obligations at the end of the year	1720.55	22.90	131.82
Fair Value of Plan Assets at the end of the year	1720.55		0.00
Funded Status	0.00		0.00
Net Asset / (Liability) recognised in Balance Sheet	0.00	22.90	-131.82
(vi) Expenses recognised in the statement of Profit and Loss			
Current Service Cost	69.44	8.15	7.56
Interest Cost	133.44	0.92	10.43
Expected Return on Plan Assets	125.61		0.00
Net Actuarial (Gain) / Loss recognised in the year	310.18	2.69	5.86
Expenses recognised in the statement of Profit and Loss	387.45	11.76	23.85
(vii) Actuarial Assumptions			
Discount Rate	8.00%	8.25%	7.90%
Expected return on Plan Assets	9.40%		Not applicable
Salary increase	5.00%	5.00%	Not applicable

SESHASAYEE PAPER AND BOARDS LIMITED

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

(viii) Experience Adjustments (Unit: Erode)

	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
(a) Group Gratuity Scheme :					
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
31-3-2009	1019.33	1019.33	0.00	123.93	0.00
(b) Retirement Benefit Scheme :					
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
31-3-2009	92.61	0.00	-92.61	2.03	0.00

<p style="text-align: center;">Vide our report of date attached</p> <p>For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.023305 Partner Chartered Accountants</p> <p>Chennai May 30, 2013</p>	<p>For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.020583 Partner Chartered Accountants</p>	<p style="text-align: center;">N GOPALARATNAM Chairman and Managing Director</p> <p style="text-align: center;">V PICHAI Director (Finance) & Secretary</p>
		<p style="text-align: right;">ARUN G BIJUR BIMAL KUMAR PODDAR R V GUPTA MOHAN VERGHESE CHUNKATH Dr S NARAYAN PHILOMINA THOMAS V SRIDAR Directors K S KASI VISWANATHAN Deputy Managing Director</p>

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

	Year ended 31-3-2013	
	₹ lakhs	₹ lakhs
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation		1646.19
Adjustments for :		
<i>Add :</i>		
Assets discarded	31.03	
Depreciation	4914.70	
Interest and financing charges	<u>4452.44</u>	
		<u>9398.17</u>
		11044.36
<i>Less :</i>		
Income from Investments	82.94	
Profit / Loss on sale of assets	1.62	
Effect of changes in Foreign Currency Exchange Rate	<u>-12.04</u>	
		<u>72.52</u>
Operating profit before working capital changes		10971.84
Increase / Decrease in working capital :		
Increase / Decrease in Inventories	3810.85	
Increase / Decrease in Sundry Debtors	3106.89	
Increase / Decrease in Other Current Assets	6312.56	
Increase / Decrease in Liabilities and Provisions	-10558.02	
Effect of Scheme of Amalgamation	<u>8478.46</u>	
		11150.74
Income tax paid		-1197.76
Net cash from operating activities		<u>20924.82</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		-1413.28
Acquisition of fixed assets on account of Amalgamation		-29450.06
Value of discarded assets		-31.03
Sale / reduction in value of fixed assets		41.91
Income from Non-trade Investments		82.94
Acquisition of Subsidiary (net)		<u>-1197.79</u>
Net cash used in investing activities		<u>-31967.31</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2013 ₹ lakhs
C CASH FLOW FROM FINANCING ACTIVITIES	
Increase / Decrease in Unsecured Loans	-295.24
Increase / Decrease in Loans to other Corporates	-500.00
Increase / Decrease of Term Loans	-3515.93
Increase / Decrease in Working Capital Borrowings	8053.48
Dividend and Dividend tax paid	-653.75
Interest and financing charges paid	-6502.89
Effect of Scheme of Amalgamation	
Shares pending allotment on account of Amalgamation	136.36
Increase / Decrease of Term Loan on account of Amalgamation	15300.00
Increase / Decrease of Working Capital Borrowings on account of Amalgamation	1869.58
Surplus on account of Amalgamation	3665.66
Net cash from financing activities	17557.27
Net increase / Decrease in cash and cash equivalents (I)	6514.78
Cash and cash equivalents as at 31-3-2012 (II)	648.96
Opening cash and cash equivalent on account of amalgamation (III)	238.70
Cash and cash equivalents as at 31-3-2013 (I + II + III)	7402.44

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 ₹ Nil. (Previous year - ₹ 0.50 lakhs - Debit).

	Vide our report of date attached		
For Messrs S VISWANATHAN Firm Regn. No. 004770S Chella K Srinivasan Membership No.023305 Partner Chartered Accountants Chennai May 30, 2013	For SURI & CO., Firm Regn. No. 004283S S Swaminathan Membership No.020583 Partner Chartered Accountants	N GOPALARATNAM Chairman and Managing Director V PICHAI Director (Finance) & Secretary	ARUN G BIJUR BIMAL KUMAR PODDAR R V GUPTA MOHAN VERGHESE CHUNKATH Dr S NARAYAN PHILOMINA THOMAS V SRIDAR Directors K S KASI VISWANATHAN Deputy Managing Director

Financial Highlights - Ten years at a glance

(₹ lakhs)

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
For the year										
Total Revenue	41889	43260	47019	50553	54860	56199	53770	59721	64375	88588
Total Expenditure	36324	40306	42219	44207	46570	49479	41598	48079	54021	77580
PBIDT	5565	2954	4800	6346	8290	6720	12172	11642	10354	11008
Finance Costs	1302	666	625	493	497	1700	2840	2165	2432	4446
Depreciation	1111	1128	1452	1483	1742	2629	3361	3400	3426	4915
PBT	3152	1160	2723	4370	6051	2391	5971	6077	4496	1647
Tax expense	1186	502	932	230	1472	888	1978	-423	1086	-404
PAT	1966	658	1791	4140	4579	1503	3993	6500	3410	2051
EPS - ₹	17.48	5.85	15.92	36.80	40.70	13.36	35.49	57.78	30.31	16.26
Cash EPS - ₹	35.85	19.54	36.10	46.77	63.21	44.36	82.95	84.24	60.04	52.02
Dividend - %	18	18	25	35	40	35	60	50	50	40
As at the year end										
Gross Block	32011	37198	38226	52499	69415	74367	75411	76498	77098	107817
Net Block	18429	22564	22435	35266	50453	52795	50578	48345	45574	71483
Loan Funds	11130	14720	12509	24378	34076	37042	32540	39755	21970	43477
Net Worth	8531	8958	10429	14108	18211	19253	22459	28305	31061	36324
Book Value per Share - ₹	76	80	93	125	162	171	200	252	276	288



SESHASAYEE PAPER AND BOARDS LIMITED

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

ATTENDANCE SLIP

Date & Time

Saturday
27th July 2013
11.00 AM

Venue

COMMUNITY CENTRE
S.P.B. COLONY,
ERODE - 638 010.

Folio No.

No. of Shares

DEMAT PARTICULARS

DP ID No.

I N

Client ID No.

MEMBER

PROXY

(NAME IN CAPITAL LETTERS)

- Note :
1. Only Shareholders of the Company or their proxies will be allowed to attend the Meeting ON PRODUCTION OF THIS ATTENDANCE SLIP duly completed and signed.
 2. Shareholders are requested to bring their copies of Annual Report with them.
 3. Shareholders who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.

I hereby record my presence at the
53rd Annual General Meeting of the Company

.....
Signature of Member / Proxy



SESHASAYEE PAPER AND BOARDS LIMITED

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

FORM OF PROXY

Folio No.

No. of Shares held

DP ID No.

I N

Client ID No.

I / We

(Address)

being Member(s) of SESHASAYEE PAPER AND BOARDS LIMITED hereby appoint

(Name of proxy)

(Address of proxy)

failing him

(Name of alternate proxy)

(Address of alternate proxy)

as my / our

proxy to vote for me / us on my / our behalf at the FIFTY THIRD ANNUAL GENERAL MEETING of the Company to be held at 11.00 AM on SATURDAY, the 27th July 2013 and at any adjournment thereof.

Date

Signature

Re. 1
Revenue
Stamp

Note : Please refer to Notes 3 & 4 of the Notice for the 53rd Annual General Meeting

FOR MEMBERS HOLDING SHARES IN DEMAT FORM

BANK ACCOUNT PARTICULARS / NECS MANDATE FORM

I / We
do hereby authorise you to update the Bank account particulars as under :

DP ID Number :

Client Account Number :

Particulars of Bank Account

a) Bank Name :

b) Branch Name :

Address (*for Mandate only*) :

c) 9 Digit Code number of the Bank & Branch
as appearing on the MICR cheque :

d) Account Type (*Saving / Current*) :

e) Account Number as appearing on the
cheque book :

f) STD Code & Telephone Number :

.....
Signature of the Beneficiary holder

Mail To 

Your Depository Participant with whom you have
your demat account

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the 9 digit code number.

FOR MEMBERS HOLDING SHARES IN PHYSICAL FORM

BANK ACCOUNT PARTICULARS / NECS MANDATE FORM

I / We
do hereby authorise **Seshasayee Paper and Boards Limited**.

* To print the following details on my / our dividend warrant.

* To credit my / our dividend amount directly to my Bank account by NECS.

(* *strike out whichever is not applicable.*)

My / our Folio Number :

Particulars of Bank Account

a) Bank Name :

b) Branch Name :

Address (*for Mandate only*) :

c) 9 Digit Code number of the Bank & Branch
as appearing on the MICR cheque :

d) Account Type (*Saving / Current*) :

e) Account Number as appearing on the
cheque book :

f) STD Code & Telephone Number :

I / We shall not hold the Company responsible if the NECS, could not be implemented or the Company
discontinue(s) the said services, for any reason.

.....
Signature of the Shareholder

Mail To 

Messrs Integrated Enterprises (India) Limited
2nd Floor, "Kences Towers"
No.1, Ramakrishna Street
North Usman Road, T Nagar
Chennai - 600 017

Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank
relating to your above account for verifying the accuracy of the 9 digit code number.



SESHASAYEE PAPER AND BOARDS LIMITED

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

PART - I : STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31stMARCH 2013

(₹ Lakhs)

SI No.	Particulars	Standalone						Consolidated	
		Quarter ended 31 03 2013 Unit - Erode	Full year of Unit - Tirunelveli	31 03 2013 (last quarter of Erode plus full year of Tirunelveli) (refer note No. 3)	Quarter ended 31 12 2012	Quarter ended 31 03 2012	Year ended		Year ended 31 03 2013
							31 03 2013	31 03 2012	
		(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Income from Operations								
	a) Net Sales / Income from operations (net of Excise Duty)	18997	22182	34691	15962	17551	82267	60577	82268
	b) Other Operating Income	263	255	405	189	180	1088	565	1088
	Total Income from operations (net)	19260	22437	35096	16151	17731	83355	61142	83356
2	Expenses								
	a) Cost of Materials consumed	8403	15861	18073	7844	7155	40414	27903	40414
	b) Purchase of Stock-in-Trade	775	--	775	700	633	2821	2759	2821
	c) Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	1872	(-)50	1523	(-) 205	2168	395	(-) 1121	395
	d) Employee benefits expense	1286	379	1665	1251	1024	5406	4620	5406
	e) Depreciation and amortisation expense	834	1446	2280	881	834	4914	3426	4915
	f) Other expenses								
	(i) Cost of Power and Fuel	2586	3950	6427	2461	2575	14427	10563	14427
	(ii) Others	1780	2110	3889	1758	1746	9396	6527	9397
	Total expenses	17536	23696	34632	14690	16135	77773	54677	77775
3	Profit from Operations before Other Income, Finance Costs and Exceptional Items	1724	(-) 1259	464	1461	1596	5582	6465	5581
4	Other Income	239	103	324	33	137	511	463	511
5	Profit from Ordinary Activities before Finance Costs and Exceptional Items	1963	(-) 1156	788	1494	1733	6093	6928	6092
6	Finance Costs	449	2397	2827	505	667	4446	2432	4446
7	Profit from Ordinary Activities after Finance Costs but before Exceptional Items	1514	(-) 3553	(-) 2039	989	1066	1647	4496	1646
8	Exceptional Items	--	--	--	--	--	--	--	--
9	Profit from Ordinary Activities before Tax	1514	(-) 3553	(-) 2039	989	1066	1647	4496	1646
10	Tax expense	194	--	(-) 1093	178	158	(-) 404	1086	(-) 404
11	Net Profit from Ordinary Activities after Tax	1320	(-) 3553	(-) 946	811	908	2051	3410	2050
12	Extra-ordinary Items	--	--	--	--	--	--	--	--
13	Net Profit for the period	1320	(-) 3553	(-) 946	811	908	2051	3410	2050
14	Paid-up Equity Share Capital (<i>Face value ₹ 10</i>)	1125	1125	1125	1125	1125	1125	1125	1125
15	Reserves, excluding Revaluation Reserves, as per Balance Sheet of previous accounting year						35063	29936	35064
16	Earnings Per Share of ₹ 10 each (not annualised)								
	Before Extra-ordinary Items :								
	(a) Basic	11.73		(-) 7.50	7.21	8.07	16.27	30.31	16.26
	(b) Diluted	11.73		(-) 7.50	7.21	8.07	16.27	30.31	16.26
	After Extra-ordinary Items :								
	(a) Basic	11.73		(-) 7.50	7.21	8.07	16.27	30.31	16.26
	(b) Diluted	11.73		(-) 7.50	7.21	8.07	16.27	30.31	16.26

PART - II : SELECT INFORMATION FOR THE QUARTER AND YEAR ENDED 31st MARCH 2013

(₹ Lakhs)

SI No.	Particulars	Standalone					Consolidated
		3 months ended			Year ended		Year ended
		31 03 2013	31 12 2012	31 03 2012	31 03 2013	31 03 2012	31 03 2013
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
A	PARTICULARS OF SHAREHOLDING						
1	Public Shareholding :						
	- Number of Shares	64 79 811	64 80 705	65 12 624	64 79 811	65 12 624	64 79 811
	- Percentage of Shareholding	57.60%	57.61%	57.89%	57.60%	57.89%	57.60%
2	Promoter and Promoter Group Shareholding :						
	(a) Pledged / Encumbered :						
	- Number of Shares	0	0	0	0	0	0
	- Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group)	0	0	0	0	0	0
	- Percentage of Shares (as a % of the total Share Capital of the Company)	0	0	0	0	0	0
	(b) Non-encumbered :						
	- Number of Shares	47 70 189	47 69 295	47 37 376	47 70 189	47 37 376	47 70 189
	- Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group)	100%	100%	100%	100%	100%	100%
	- Percentage of Shares (as a % of the total Share Capital of the Company)	42.40%	42.39%	42.11%	42.40%	42.11%	42.40%

SI No.	Particulars	Quarter ended 31 03 2013
B	INVESTOR COMPLAINTS	
	- 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)

SI No.	Particulars	Standalone				Consolidated	
		As at 31 03 2013	As at 31 03 2012	As at 31 03 2012	As at 31 03 2013	As at 31 03 2013	
A	EQUITY AND LIABILITIES	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	
1	Shareholders' Funds						
	(a) Share Capital	1125	1125		1125		
	(b) Reserves and Surplus	35063	29936		35064		
	(c) Shares pending allotment	136	0		136		
	Sub-total - Shareholders' Funds	36324	31061		36325		
2	Non Current Liabilities						
	(a) Long Term Borrowings	19409	8906		19469		
	(b) Deferred Tax Liabilities (Net)	7815	8219		7815		
	(c) Other Long Term Liabilities	1342	1007		1342		
	(d) Long Term Provisions	1477	909		1477		
	Sub-total - Non Current Liabilities	30043	19041		30103		
3	Current Liabilities						
	(a) Short Term Borrowings	17738	7814		17738		
	(b) Trade Payables	19448	16141		19506		
	(c) Other Current Liabilities	7009	5700		7030		
	(d) Short Term Provisions	1103	1165		1103		
	Sub-total - Current Liabilities	45298	30820		45377		
	TOTAL - EQUITY AND LIABILITIES	111665	80922		111805		
B	ASSETS						
1	Non Current Assets						
	(a) Fixed Assets	71483	45574		71628		
	(b) Goodwill on consolidation *	0	0		1178		
	(c) Non Current Investments	2276	2323		1080		
	(d) Long Term Loans and Advances	2201	684		2206		
	(e) Other Non Current Assets	37	0		37		
	Sub-total - Non Current Assets	75997	48581		76129		
2	Current Assets						
	(a) Inventories	8713	8620		8713		
	(b) Trade Receivables	9910	10020		9911		
	(c) Cash and Cash Equivalents	7398	649		7402		
	(d) Short Term Loans and Advances	9278	5798		9280		
	(e) Other Current Assets	369	7254		370		
	Sub-total - Current Assets	35668	32341		35676		
	TOTAL - ASSETS	111665	80922		111805		

1RWHV

- On the Company Petition filed by SPB Papers Limited (SPBPL) and by our Company (SPB), the Hon'ble High Court of Madras has since accorded approval for the Scheme of Amalgamation of SPBPL with SPB as prayed for, with effect from 01 04 2012. Consequently, the financial figures include the results of SPBPL for the full year of 2012-13.
- The consolidated financial statements include the results of the wholly owned subsidiary, viz., Esvi International (Engineers & Exporters) Limited which was acquired during the year.
- The figures of last quarter are the balancing figures between the audited figures which includes the financial results of SPBPL for the year 2012-13 in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
- The Paper is the only reportable segment of operation of the Company.
- Previous year figures have not been furnished in the consolidated financial statements, since the wholly owned subsidiary was acquired only during the year.
- The current quarter/year's figures are not comparable with the previous quarter/year figures since current quarter/year figures include the results of SPB Papers Limited which got merged with the Company with effect from 01 04 2012.
- 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 2012-13. As per the Scheme of Amalgamation, as approved by the Hon'ble High Court of Madras, the Shareholders of SPB Papers Limited are entitled for full year Dividend for the year 2012-13.
- 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, 2013 and May 30, 2013.

(By Order of the Board)

For Seshasayee Paper and Boards Limited

N GOPALARATNAM
Chairman and Managing Director

Place : Chennai
Date : May 30, 2013

* Applicable in the case of Consolidated Statement of Assets and Liabilities.

FORM A

(Clause 31(a) of the Listing Agreement)

Format of covering letter of the annual audit report
to be filed with the stock exchanges

1.	Name of the Company	SESHASAYEE PAPER AND BOARDS LIMITED
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation	Un-qualified.
4.	Frequency of observation	The Company remains in the regime of unqualified financial statements.
5.	Signed by	
	N Gopalaratnam Chairman & Managing Director	<p align="center">For Seshasayee Paper and Boards Limited</p>  <p align="center">N. GOPALARATHNAM Chairman and Managing Director</p>
	V Pichai Director (Finance) & Secretary	<p align="center">For Seshasayee Paper and Boards Limited</p>  <p align="center">(V PICHAI) Director (Finance) & Secretary</p>
	R V Gupta Audit Committee Chairman	 
Auditors		<p>For M/s Suri & Co. Firm Registration No.004283S</p>   <p>Mr S Swaminathan Partner, Membership No: 020583</p>
		<p>For M/s S Viswanathan Firm Registration No.004770S</p>   <p>Mr Chella K Srinivasan Partner, Membership No. 023305</p>