


NOTICE

 Notice is hereby given that the Forty Ninth 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 25, 2009, at 11.00 AM, to transact the following business :

ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as at 31st March 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2 To declare a dividend.
- 3 To appoint Directors, in the place of Dr S Narayan and Sri Bimal Kumar Poddar who retire by rotation and being eligible, offer themselves for re-appointment.
- 4 To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. Messrs Suri & Co., Chennai and Messrs S Viswanathan, Chennai, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT Sri R V Gupta, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

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

“RESOLVED THAT Sri Debendranath Sarangi, IAS, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Sri V Sridar, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT in accordance with the provisions of Sections 269, 309, 198, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, as may be necessary, approval of the Members of the Company be and is hereby accorded to the re-appointment of Sri N Gopalaratnam as Chairman and Managing Director of the Company, for a period of five years, with effect from April 01, 2009 and upto March 31, 2014, to exercise all the powers of management, subject to the supervision and control of the Board of Directors, on the terms and conditions set out below :

SALARY

Rs 2 00 000 (Rupees two lakhs only) per month.

COMMISSION

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

PERQUISITES

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

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

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year, the Chairman and Managing Director shall be paid a Special Allowance not exceeding Rs 12 00 000

SESHASAYEE PAPER AND BOARDS LIMITED

(Rupees twelve lakhs only) per year, in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956. No commission is payable in such a year.

NOTES :

- 1 Net profits for this purpose shall be as per computation of Net Profits under Section 349 and 350 of the Companies Act, 1956.
- 2 The remuneration package is well within the overall limit prescribed under Schedule XIII to the Companies Act, 1956, which permits our Company to pay an overall remuneration, not exceeding 10% of the net profits in any year, to all its Directors.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to revise the remuneration, including commission and perquisites, from time to time, within the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment or any statutory modifications thereto”.

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

(V PICHAI)
Director (Finance) & Secretary

Chennai
June 05, 2009

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 5, 6, 7 and 8 is annexed hereto.
- 2 For appointment of Directors, disclosure, as required under Clause 49 of the Listing Agreement is annexed hereto.

- 3 A Member, entitled to attend and vote at the meeting, is entitled to appoint one or more Proxies, to attend and vote on a poll, instead of himself and such Proxy need not be a Member of the Company.
- 4 Proxies, in order to be effective, must be filed with the Company not later than 48 hours before the Meeting.
- 5 The Register of Members and Share Transfer Books will be closed from Thursday, the July 16, 2009 to Saturday, the July 25, 2009 (both days inclusive).
- 6 Dividend, if declared, will be paid to the Members whose names appear on the Register of Members as on July 25, 2009 and in respect of shares held in Electronic Form, to the beneficial owners, as per list that will be furnished by National Securities Depository Limited / Central Depository Services (India) Limited, as on that date.
- 7 Members holding shares in physical form are requested to notify, promptly, any change in their address, to the Registrar and Share Transfer Agents of the Company, 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 2000-01. The unpaid dividend for the financial year 2001-02 will be transferred to the above Fund during August 2009. 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 (ECS), in the notified Centres, 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 As per amendment to Clause 11 of the Listing Agreement notified by SEBI, transferee(s) must furnish copy of their PAN Card to the Company / RTA's for registration of transfer of shares, for securities market transactions and off-market / private transactions involving transfer of shares in physical form.

EXPLANATORY STATEMENT

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

Item No. 5

Sri R V Gupta IAS (Retd.) belongs to the 1962 batch of Indian Administrative Service. He has held important positions in various State and Central Government Departments. He served the Government of India at the levels of Special Secretary (Ministry of Finance), Secretary (Ministry of Food), Additional Secretary (Ministry of Chemicals and Fertilisers), etc. He had also acted as the Principal Secretary to Government of Madhya Pradesh. Prior to retirement, he was the Deputy Governor, Reserve Bank of India and was closely involved in the economic reforms process. After retirement, he acted as Chairman of the Reserve Bank of India Committee on Agriculture Credit. He was also associated with Deutsche Bank, as Chairman of Local Advisory Board for India. He has held various Board level positions in the industry.

In 2002, IDBI Bank Limited (IDBI) nominated Sri R V Gupta, as its Nominee Director on the Board of our Company, in exercise of its powers conferred under the Loan Agreement subsisting between the Company and IDBI. IDBI has since withdrawn the nomination of Sri R V Gupta, as its Nominee Director on the Board of the Company, with effect from August 29, 2008. Sri R V Gupta served as a Nominee Director of IDBI on the Board of our Company for more than six years from May 2002 to August 2008. He also acted as Chairman of the Audit Committee of the Board of Directors between July 2006 and August 2008.

The Company was immensely benefited by the wise counsel and guidance provided by Sri R V Gupta during his tenure as a Nominee Director of IDBI.

Taking into consideration the experience and expertise that Sri R V Gupta brings to bear, it was considered prudent for the Company to re-induct Sri R V Gupta as an Additional Independent Director in the Board, to avail his

continued counsel and guidance and accordingly, the Board of Directors appointed Sri R V Gupta as an Additional Director, with effect from September 26, 2008.

He retires at this Meeting, under Section 262 of the Companies Act, 1956, read with Article 96 of the Articles of Association of the Company. Notice, along with requisite deposit, as required under Section 257 of the Companies Act, 1956, has been received by the Company from a Member proposing the appointment of Sri R V Gupta, as a Director of the Company.

Sri R V Gupta has filed with the Company his consent under Section 264(1) of the Companies Act, 1956, to act as a Director, if appointed.

This may be treated as notice under Section 257 (1-A) of the Companies Act, 1956.

Sri R V Gupta is concerned and interested in his appointment and none of the other Directors is concerned or interested in the said appointment.

Item No. 6

Consequent to nomination by the Government of Tamilnadu, Sri Debendranath Sarangi, IAS, was appointed as an Additional Director by the Board of Directors, at the meeting held on March 28, 2009, in the vacancy caused by the relinquishment of office by Dr N Sundaradevan, IAS, who was earlier appointed in the casual vacancy caused by the withdrawal of nomination of Sri R Rajagopal, IAS.

He retires at this Meeting, under Section 262 of the Companies Act, 1956, read with Article 96 of the Articles of Association of the Company. Notice, along with requisite deposit, as required under Section 257 of the Companies Act, 1956, has been received by the Company from a Member proposing the appointment of Sri Debendranath Sarangi, IAS, as a Director of the Company.

Sri Debendranath Sarangi, IAS, has filed with the Company his consent under Section 264(1) of the Companies Act, 1956, to act as a Director, if appointed.

This may be treated as notice under Section 257 (1-A) of the Companies Act, 1956.

Sri Debendranath Sarangi, IAS, is concerned and interested in his appointment and none of the other Directors is concerned or interested in the said appointment.

Item No. 7

To broad base and expand the number of Independent Directors on the Board, the Board of Directors appointed Sri V Sridar as an Additional Director on the Board of the Company with effect from June 04, 2009.

Sri V Sridar (Age - 61) is a Science Graduate and a Chartered Accountant with a brilliant academic record.

He has to his credit more than three decades (1975 to 2007) of service in large public sector nationalised Banks.

In 1975 he joined Union Bank of India in the Officer's Cadre and rose to positions of Chief Manager, Regional Manager, Assistant General Manager, Deputy General Manager and finally was the General Manager of the Bank between 1996 and 2000.

He was elevated and transferred as Executive Director of UCO Bank in 2000. In 2002, again he was promoted and transferred as Chairman and Managing Director of National Housing Bank. He served in that position till 2004.

In 2004, again he was promoted and posted as Chairman and Managing Director of UCO Bank which position he held till 2007. On superannuation he retired from that position in July 2007.

During his tenure as Chairman and Managing Director, UCO Bank witnessed tremendous growth. Total business volume and operating profits of the Bank almost doubled. The Gross Non Performing Assets came down from about 6% to 3% and Net Non Performing Assets to around 2%. He was instrumental in bringing about organisation restructure of UCO Bank from the erstwhile geographically oriented four tier organisation structure to a functionally oriented three tier structure with due focus on the business

strategy to be adopted by the Bank in future by segmenting the customers into Big Corporates, Mid Corporates, Small Enterprises and Retail Customers.

Induction of Sri V Sridar to the Board will add to the strength of Board and enhance its prestige.

He retires at this Meeting, under Section 262 of the Companies Act, 1956, read with Article 96 of the Articles of Association of the Company. Notice, along with requisite deposit, as required under Section 257 of the Companies Act, 1956, has been received by the Company from a Member proposing the appointment of Sri V Sridar, as a Director of the Company.

Sri V Sridar has filed with the Company his consent under Section 264(1) of the Companies Act, 1956, to act as a Director, if appointed.

This may be treated as notice under Section 257 (1-A) of the Companies Act, 1956.

Sri V Sridar is concerned and interested in his appointment and none of the other Directors is concerned or interested in the said appointment.

Item No. 8

Sri N Gopalaratnam was first appointed as the Managing Director of the Company in April 1988. He has completed his seventh term of three years as the Managing Director on March 31, 2009. On the passing away of Sri S Viswanathan, the Founder and the then Chairman in July 2001, he was appointed as Chairman and Managing Director from then onwards.

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

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

Further, under the leadership of Sri N Gopalaratnam, the Company established a 20 MW Captive Power Plant at a cost of Rs 65 crores, to achieve economies in energy front. The Project was completed on time in March 2005 and the Company is enjoying the fruits of the Project by substantial savings in energy costs. Currently, the Company is meeting nearly 100% of its Power requirements from the Captive Power Plant. This Project can be viewed as a 'Vision Project' of Sri N Gopalaratnam, especially when the Industry in Tamilnadu is facing unprecedented power shortage from the State Grid.

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

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

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

SESHASAYEE PAPER AND BOARDS LIMITED

The Project was funded by Term Loans of Rs 270 crores from commercial Banks and the balance out of internal accruals.

Sri N Gopalaratnam pioneered in securing ISO 9001 and ISO 14001 accreditations to the Company. Achievement of “Golden Export House” and “Two Star Export House” status for the Company is commendable. Further, with his vision, the Company has launched “World Class Manufacturing” Programme, a unique concept of achieving enterprise excellence.

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

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

Accordingly, the Board of Directors, at their meeting held on March 28, 2009, re-appointed Sri N Gopalaratnam as Chairman and Managing Director for a further term of five years from April 01, 2009, on the terms and conditions set out in the Resolution.

The remuneration package is well within the overall limit prescribed under Schedule XIII to the Companies Act, 1956, which permits our Company to pay an overall remuneration, not exceeding 10% of the net profits in any year, to all its Directors.

In the event of loss or inadequacy of profits in any financial year, the Chairman and Managing Director shall be paid a Special Allowance not exceeding Rs 12 00 000 (Rupees twelve lakhs only) per year, in addition to salary and

perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956. No commission is payable in such a year.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration, including commission and the perquisites from time to time, within the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendment or statutory modifications thereto.

In terms of Part III of Schedule XIII to the Companies Act, 1956, the appointment and remuneration as above shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval.

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

No Director, other than Sri N Gopalaratnam, is concerned or interested in the said Resolution relating to his appointment as Chairman and Managing Director.

The foregoing may be treated as an abstract of the terms and conditions governing the appointment and remuneration and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

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

(V PICHAI)
Director (Finance) & Secretary

Chennai
June 05, 2009

Appointment of Directors :

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

Dr S NARAYAN, IAS (Retd.)

| | | |
|---|---|---|
| Date of birth and age | : | 20 06 1943 (65 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 (2003-2004), 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> | | |
| Qualification | : | M.Sc., MBA, M Phil., IAS (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 Teesta Urja Limited Godrej Properties Limited Lakshmi Vilas Bank Limited |
| Committee / executive positions held in other companies | : | Apollo Tyres Limited - Audit Committee - Member Dabur India Limited - Audit Committee - Member |

SESHASAYEE PAPER AND BOARDS LIMITED

Sri BIMAL KUMAR PODDAR

| | | |
|---|---|---|
| Date of birth and age | : | 25 12 1942 (66 Years) |
| Date of appointment | : | January 25, 2003 |
| Expertise in specific functional areas | : | He has entered his family business at the early age of 19. Over the last four decades, he has acquired varied and variegated experience in the spheres of finance, administration and management. He has travelled widely throughout the globe and has a global feel of business. |
| Qualification | : | B.Com. |
| 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 | : | Ponni Sugars (Erode) Limited Matheson Bosanquet Enterprises Limited The Coonoor Tea Estates Co Limited Lucky Valley Investments & Holdings Limited Hope Textiles Limited Sua Explosives & Accessories Limited Sua Finance & Investments Limited Coonoor Investments Limited Poddar Niket Developers Limited Atlas Copco (India) Limited Pragati Business Limited Skytop Reality Private Limited Skyblue Reality Private Limited Ornate Textiles Private Limited Ornate Buildcons Private Limited HTL Reality Private Limited Ornate Reality Private Limited |
| Committee / executive positions held in other companies | : | Ponni Sugars (Erode) Limited - Audit Committee - Member Atlas Copco (India) Limited - Audit Committee - Member |

SESHASAYEE PAPER AND BOARDS LIMITED

Sri R V GUPTA, IAS (Retd.)

| | | |
|---|---|--|
| Date of birth and age | : | 19 11 1937 (71 years) |
| Date of appointment | : | 26 09 2008 |
| Expertise in specific functional areas | : | <p>Sri R V Gupta, IAS (Retd.) belongs to the 1962 batch of Indian Administrative Service. He has held important positions in various State and Central Government Departments. He served the Government of India at the levels of Special Secretary (Ministry of Finance), Secretary (Ministry of Food), Additional Secretary (Ministry of Chemicals and Fertilisers), etc. He has also acted as the Principal Secretary to Government of Madhya Pradesh. Prior to retirement, he was the Deputy Governor, Reserve Bank of India and was closely involved in the economic reforms process. After retirement, he acted as Chairman of the Reserve Bank of India Committee on Agriculture Credit. He was also associated with Deutsche Bank, as Chairman of Local Advisory Board for India. He has held various Board level positions in the industry.</p> <p>Sri R V Gupta served as a Nominee Director of IDBI on the Board of our Company for more than six years from May 2002 to August 2008. He also acted as Chairman of the Audit Committee of the Board of Directors between July 2006 and August 2008.</p> |
| Qualification | : | IAS (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 | : | Good Year India Limited Mawana Sugars Limited DCM Engineering Limited Honda Siel Power Products Limited Delhi Safe Deposit Company Limited |
| Committee / executive positions held in other companies | : | Good Year India Limited - Audit Committee - Chairman - Investors Grievance Committee - Member DCM Engineering Limited - Audit Committee - Member Honda Siel Power Products Limited - Audit Committee - Member |

Sri DEBENDRANATH SARANGI, IAS

| | | |
|---|---|---|
| Date of birth and age | : | 01 01 1953 (56 years) |
| Date of appointment | : | 28 03 2009 |
| Expertise in specific functional areas | : | Sri Debendranath Sarangi, IAS, is a member of Indian Administrative Service and has held varied administrative positions in Government. He is presently Principal Secretary to Government, Environment and Forests Department, Government of Tamilnadu. |
| Qualification | : | IAS |
| 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 | : | Tamilnadu Tea Plantation Corporation Limited Tamilnadu Forest Plantation Corporation Limited Tamilnadu Tourism Development Corporation Limited Arasu Rubber Corporation Limited Tamilnadu Pollution Control Board (Member) |
| Committee / executive positions held in other companies | : | Nil |

Sri V SRIDAR

| | | |
|---|---|--|
| Date of birth and age | : | 27 07 1947 (61 years) |
| Date of appointment | : | 04 06 2009 |
| Expertise in specific functional areas : | | |
| <p>Sri V Sridar is a Science Graduate and a Chartered Accountant with a brilliant academic record. He has to his credit more than three decades (1975 to 2007) of service in large public sector nationalised Banks. In 1975 he joined Union Bank of India in the Officer's Cadre and rose to positions of Chief Manager, Regional Manager, Assistant General Manager, Deputy General Manager and finally was the General Manager of the Bank between 1996 and 2000.</p> <p>He was elevated and transferred as Executive Director of UCO Bank in 2000. In 2002, again he was promoted and transferred as Chairman and Managing Director of National Housing Bank. He served in that position till 2004.</p> <p>In 2004, again he was promoted and posted as Chairman and Managing Director of UCO Bank which position he held till 2007. On superannuation he retired from that position in July 2007.</p> <p>During his tenure as Chairman and Managing Director, UCO Bank witnessed tremendous growth. Total business volume and operating profits of the Bank almost doubled. The Gross Non Performing Assets came down from about 6% to 3% and Net Non Performing Assets to around 2%. He was instrumental in bringing about organisation restructure of UCO Bank from the erstwhile geographically oriented four tier organisation structure to a functionally oriented three tier structure, with due focus on the business strategy to be adopted by the Bank in future by segmenting the customers into Big Corporates, Mid Corporates, Small Enterprises and Retail Customers.</p> | | |
| Qualification | : | B Sc., ACA |
| 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 | : | Securities Trading Corporation of India Limited STCI Primary Dealers Limited Eveready Industries Limited Asahi Fibres Limited Krisna Knitwear and Technologies Limited |
| Committee / executive positions held in other companies | : | Securities Trading Corporation of India Limited - Audit Committee - Member STCI Primary Dealers Limited - Audit Committee - Member Eveready Industries Limited - Audit Committee - Member |

SESHASAYEE PAPER AND BOARDS LIMITED

Sri N GOPALARATNAM

| | | |
|---|---|--|
| Date of birth and age | : | 15 04 1947 (62 years) |
| Date of appointment | : | 26 12 1987 as a Director 01 04 1988 as Managing Director |
| Expertise in specific functional areas | : | Mechanical Engineer with nearly 35 years of specialisation in design, operation and management of Pulp and Paper Industry. |
| Qualification | : | B.Sc., B.E. (Mech) |
| Number of shares held in the Equity Capital of the Company | : | 9141 |
| Relationship with other Directors | : | He is not related to any other Director. |
| Directorship in other companies | : | Ponni Sugars (Erode) Limited High Energy Batteries (India) Limited SPB Projects and Consultancy Limited Esvi International (Engineers & Exporters) Limited Time Square Investments Private Limited |
| Committee / executive positions held in other companies | : | Ponni Sugars (Erode) Limited - Securities Transaction cum Investor Grievance Committee - Chairman High Energy Batteries (India) Limited - Shareholders / Investors Grievance Committee - Chairman |

DIRECTORS' REPORT

7 The Directors hereby present their Forty Ninth Annual Report and the Audited Accounts for the year ended 31st March 2009 :

WORKING RESULTS

| | 2008-09 (Actuals) (tonnes) | 2007-08 (Actuals) (tonnes) |
|---|---|---|
| Production | 119779 | 124312 |
| Sales | 119396 | 124181 |
| | (Rs lakhs) | (Rs lakhs) |
| Gross Sales | 56116 | 54723 |
| Other Income | 83 | 137 |
| <i>Less:</i> Excise Duty and Excise Cess | 3205 | 5219 |
| Sales and Other Income (Net of Excise Duty) | 52994 | 49641 |
| Profit before interest, depreciation and tax | 6720 | 8290 |
| Interest | 1700 | 497 |
| Depreciation | 2629 | 1742 |
| Profit before tax | 2391 | 6051 |
| Provision for Current Tax | -- | 652 |
| Transfer to Deferred Tax | 858 | 790 |
| Provision for Fringe Benefit Tax | 30 | 30 |
| Net Profit | 1503 | 4579 |

DIVIDEND

The Directors recommend a dividend of Rs 3.50 per Equity Share of Rs 10 each, absorbing a sum of Rs 394 lakhs. As per the provisions of the Income tax Act, 1961, no tax will be deducted at source on dividends

distributed. However, the Company will bear the tax on the dividend distributed, amounting to Rs 67 lakhs.

APPROPRIATIONS

Your Directors propose the following appropriations :

| | 2008-09 (Rs lakhs) |
|---|-------------------------------|
| Net profit for the year | 1503 |
| <i>Add :</i> | |
| Surplus brought forward from the previous year | 1545 |
| Transfer from Investment Allowance Reserve | 55 |
| | 3103 |
| <i>Less :</i> | |
| Transfer to General Reserve | 1000 |
| Proposed dividend and tax thereon | 461 |
| | 1461 |
| Balance carried forward | 1642 |

OPERATIONS

During the year, the Company's production was 1 19 779 tonnes, as compared to 1 24 312 tonnes produced in the previous year. The lower production was mainly on account of higher downtime in Paper Machine - 5, integration of new Pulp Mill, Chemical Recovery Boiler and TG Set, commissioned as part of Mill Development Plan, with the existing Plants and outages due to restrictions in drawal of power from Tamilnadu Grid.

The gross turnover was Rs 56116 lakhs for the year under review, as compared to Rs 54723 lakhs in the previous year, recording an increase of around 2.5%. The turnover of Rs 56116 lakhs, achieved during the year, is the highest turnover recorded by the Company, so far.

The Profit before interest, depreciation and tax was Rs 6720 lakhs, as compared to Rs 8290 lakhs, in the previous year.

Major factors that contributed to lower profitability for the year, as compared to the previous year were :

- ◇ Adverse exchange rate between Indian Rupee and US Dollar resulting in higher cost of imported Pulp, imported Coal and higher Rupee outgo on Foreign Currency Loans.
- ◇ Increase in prices of Fuels, especially imported Coal.
- ◇ Increase in prices of Raw Materials, especially imported Pulp.
- ◇ Increase in cost of Chemicals, due to increase in prices, higher usage of Paper Machine Chemicals and usage of new Chemicals in ECF Bleaching of Wood Pulp.
- ◇ Higher Interest and Financing Charges, due to capitalisation of remaining MDP assets.
- ◇ Higher provision made for Depreciation, due to capitalisation of remaining MDP assets.

However, the above adverse factors were partially moderated by the following favourable factors :

- ◇ Increase in prices of Paper and reduction in rate of Excise Duty.
- ◇ Reduction in use of imported Pulp, due to higher production of in-house Pulp.

After absorbing interest and financing charges and depreciation of Rs 1700 lakhs and Rs 2629 lakhs, respectively, the profit before tax was Rs 2391 lakhs, as compared to Rs 6051 lakhs, in the previous year.

The Company was liable to only Minimum Alternate Tax (MAT) of Rs 265 lakhs, as against Current Tax liability of Rs 652 lakhs, in the previous year. In view of higher quantum of depreciation available, due to addition of Plant and Machinery under Mill Development Plan, the total income as per the regular method under

the Income Tax Act is a loss. Hence, the entire MAT liability is carried over as MAT Credit Entitlement. Together with the opening balance of Rs 84 lakhs, the total MAT Credit Entitlement of Rs 349 lakhs is being carried forward to be set-off in the financial year 2009-10 or thereafter.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of Rs 858 lakhs has been transferred to Deferred Tax by debit to the Profit and Loss Account, as against transfer of Rs 790 lakhs to Deferred Tax in the previous year.

A sum of Rs 30 lakhs has been provided towards provision for Fringe Benefit Tax.

In the result, profit after tax for the year was Rs 1503 lakhs, as compared to Rs 4579 lakhs, in the previous year

FINANCE

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

INTEREST FREE SALES TAX DEFERRAL SCHEME

During the year 2008-09, the Company availed Rs 379 lakhs under the Scheme and the cumulative amount availed upto March 31, 2009 was Rs 3345 lakhs.

MARKET CONDITIONS

First half of the year under review witnessed steady trends in the sentiments of the paper market, enabling the Company to effect price revisions for its end products to offset the effect of escalation in prices of Coal, imported Pulp and Chemicals.

However, from the third quarter onwards, in sympathy with the global developments in the economic front, paper market started witnessing downward movement.

With the onset of recession, North American and European paper manufacturers effected steep 'price-cuts'. Price of market-Pulp also

witnessed a similar fall. These developments resulted in affecting the sentiments of the domestic market, which turned weak.

Indian paper manufacturers, in an attempt to maintain a reasonable order position, began to offer discounts, especially to major customers. Simultaneously, export of paper became non-competitive and domestic mills had to perform cut-back on exports and offer these volumes in the already depressed domestic market. This further weakened the sentiments of the market. Recession in the western markets also resulted in reduced demand for the Indian printing and publishing sector which meant reduced off take from Indian manufacturers.

In a bid to minimise the impact of the global economic slowdown on the Indian economy, the Government unveiled a “multi-dimensional” fiscal stimulus package to help boost output across sectors and stoke growth.

The measures included an additional Plan expenditure of upto Rs 20 000 crores this fiscal, an estimated Excise Duty give-away of Rs 8 700 crores, a 2 percent Interest Subvention for the labour-intensive export sectors and steps for improving the financing environment for infrastructure projects.

On the Excise Duty front, the Government, on December 07, 2008, effected an across-the-board cut of 4 percentage points in the ad-valorem centvat for the remaining part of the current fiscal on all products other than petroleum and those where the current rate was below 4 percent. This brought down the effective rate of CENVAT for Paper from 8% to 4%.

In line with the Government’s intention, the Indian Paper Industry passed on the full benefit of Excise Duty reduction of 4% to the market by reducing the prices.

The Central Government announced further set of concessions on February 24, 2009 when the Central Excise Duty on various products which were covered at 10% rate of duty was revised to 8%. In this reduction, Excise Duty for one of the products manufactured by the Company, viz., Cup Stock was also included.

The market conditions worsened further in the month of January 2009.

The economic slowdown enveloping all business activities has had its impact on the paper industry as well. Orders to the printing and the publishing segment of the industry got reduced, affecting the demand for paper. Sudden fall in demand left the paper manufacturers in disarray. While we managed to collect enough orders for Paper Machines 1-4, competition for Paper Machine - 5’s products (Maplitho variety) increased.

Despite the difficult market conditions, the Company could sell its entire production and achieve Zero Stock of finished goods at the end of the financial year, a record repeated for the twelfth time in the last fifteen years.

EXPORT PERFORMANCE

The Company exported 5741 tonnes of paper and paper boards during the year, as compared to 9658 tonnes, during 2007-08. The exports accounted for about 5% of total production.

The export proceeds amounted to US \$ 6 012 584 , equivalent to Rs 2673 lakhs, as compared to Rs 3570 lakhs, during the previous year.

Besides the above, the Company also sold 2030 tonnes, under deemed exports whose proceeds amounted to Rs 875 lakhs. Further, 1856 tonnes of Manganese Ore was also bought and exported through MMTC Limited, realising a sum of Rs 93 lakhs.

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

CONTRACT TREE FARMING

To augment the availability of forest raw materials and to bring down their prices, the Company continues its initiative to develop its own source of plantations, following the footsteps of many of the Paper Mills in other States who have already taken pro-active steps during the

last 5-8 years, by distributing large quantities of seedlings and saplings of Eucalyptus Hybrid, Subabul, etc.

In this direction, the Company continues to enter into agreements with farmers who are evincing keen interest in tree plantations. Currently, the Company is popularising two varieties of species, viz., Eucalyptus Hybrid and Casuarina. To increase the yield per acre, the Company is encouraging farmers to go in for clonal plantations in the place of traditional saplings route. As availability of clones for the above species is limited in the market, the Company has set up its own Clonal Multiplication Centres to produce quality clones. The clones so produced are sold to the farmers who have entered into contract tree farming agreement with the Company. Since the requirement of clones is so large and the availability from the Company's captive source is limited, the requirement is partly supplemented by procurement from private parties.

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

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

ISO 9001 / ISO 14001 ACCREDITATION

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

OHSAS 18001 CERTIFICATION

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

AWARDS

Exports :

Export House Status

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

DEPOSITORY SYSTEM

As on March 31, 2009, 5177 Members were holding their shares in dematerialised form and 86 09 960 Equity Shares, representing 76.53% of the total Paid up Equity Share Capital of the Company, have been dematerialised.

CURRENT YEAR (2009-10)

Production, during April - May 2009, was 20125 tonnes, as compared to 19270 tonnes, produced during April - May 2008. Sales realisation (net of Excise Duty and Cess), during April - May 2009 amounted to Rs 7316 lakhs (17201 tonnes), as compared to Rs 6723 lakhs (16456 tonnes) during April - May 2008.

During April - May 2009, 120 tonnes of paper and boards, valued at US \$ 123 732 (equivalent to Rs 59 lakhs) were exported.

Market conditions remained subdued and witnessed demand resistance during the two month period.

ENVIRONMENTAL PROTECTION

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

basis. The treated effluent water continues to be utilised for irrigating nearby sugar cane fields.

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

MILL DEVELOPMENT PLAN

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

The erection of the balance equipment of the Project was completed and commissioned during the year. All the equipment that formed part of the Project are in continuous operation.

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, 2009 and of the profit of the Company for the said period.

- ◇ The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- ◇ The Directors have prepared the financial statements on a "going concern" basis.

CORPORATE GOVERNANCE

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

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

Further, as required by Clause 49 of the Listing Agreement, a Certificate, duly signed by the Chairman and Managing Director and Director (Finance) & Secretary, was submitted to the Board of Directors, on the financial statements and cash flow statement of the Company for the year ended March 31, 2009, at the Meeting held on June 05, 2009.

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

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

PARTICULARS OF EMPLOYEES

The statement of employees, referred to in Section 217 (2A) of the Companies Act, 1956,

read with Companies (Particulars of Employees) Rules, 1975, is given in Annexure - II and forms part of this Report. The employees shown therein are not relatives of any Director of the Company.

CASH FLOW STATEMENT

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

EMPLOYEES

Relations between the Management and Employees were cordial throughout the year under review.

DIRECTORS

The Board of Directors re-appointed Sri N Gopalaratnam as Chairman and Managing Director for a further term of five years from April 01, 2009. His appointment comes up for approval by the Members at the ensuing Annual General Meeting.

Dr S Narayan, IAS (Retd.) and Sri Bimal Kumar Poddar, Directors, retire by rotation, under Article 104 of the Articles of Association of the Company at the conclusion of the ensuing Forty Ninth Annual General Meeting and being eligible offer themselves for re-election at the said Meeting.

In April 2002, IDBI Bank Limited (IDBI) nominated Sri R V Gupta, IAS (Retd.), as its Nominee Director on the Board of our Company, in exercise of its powers conferred under the Loan Agreement subsisting between the Company and IDBI. Consequent to the repayment of the Term Loan, IDBI withdrew the nomination of Sri R V Gupta, as its Nominee Director on the Board of the Company, with effect from August 29, 2008. Sri R V Gupta served as a Nominee Director of IDBI on the Board of our Company for more than six years from May 2002 to August 2008. He also acted as Chairman of the Audit Committee of the Board of Directors between July 2006 and August 2008.

Taking into consideration the experience and expertise that Sri R V Gupta brings to bear, it was considered prudent for the Company to re-induct Sri R V Gupta as an Additional Independent Director in the Board, to avail his continued counsel and guidance and accordingly, the Board of Directors appointed Sri R V Gupta as an Additional Director, with effect from September 26, 2008. He retires at the ensuing Annual General Meeting and being eligible offers himself for election at the said Meeting.

During the year, Tamilnadu Industrial Investment Corporation Limited (TIIC) withdrew the nomination of Sri S K Prabakar, IAS and in his place nominated its Chairperson Mrs Sheela Rani Chunkath, IAS, as its Nominee on the Board of our Company. Subsequently, the nomination of Mrs Sheela Rani Chunkath, IAS was withdrawn and in her place Sri C Umashankar, IAS, Managing Director of TIIC was nominated. Later, the nomination of Sri C Umashankar, IAS was withdrawn and in his place Mrs Sheela Rani Chunkath, IAS, Chairperson of TIIC was again nominated as its Nominee on the Board of our Company, not liable to retire by rotation.

During the year, Tamilnadu Government withdrew the nomination of Sri R Rajagopal, IAS and nominated Dr N Sundaradevan, IAS, as its Nominee on the Board of our Company. Later, the nomination of Dr N Sundaradevan IAS was withdrawn and Sri Debendranath Sarangi, IAS was nominated. As there was no casual vacancy, Sri Debendranath Sarangi, IAS was appointed as an Additional Director. He retires at the ensuing Annual General Meeting and being eligible offers himself for election at the said Meeting.

Your Directors place on record the invaluable services rendered by Sri S K Prabakar, IAS, Sri C Umashankar, IAS, Sri R Rajagopal, IAS and Dr N Sundaradevan, IAS, during their tenure as Directors of the Company.

During the year, the Board of Directors appointed Sri V Sridar as an Additional Director on the Board. He retires at the ensuing Annual General Meeting and being eligible offers himself for election at the said Meeting.

AUDITORS

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

COST AUDIT

Pursuant to Section 233-B of the Companies Act, 1956, the Central Government has ordered that the Company carries out an audit of cost accounts relating to Paper every year. M/s S Mahadevan & Co., Cost Accountants, was appointed as Cost Auditor for the year 2008-09. The Cost Audit Report for the year 2008-09 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
June 05, 2009

**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 :

- ◇ Flash vapour / condensate heat recovery in Boiler #11 for feed water heating.
- ◇ HP Steam reduction for Soot blowing in Boiler #11.
- ◇ HP Steam through PRDS of 64 bar of Boiler #11 minimisation.
- ◇ Waste Heat Recovery from 16MW TG Quick Closing Valve leak-off Steam.
- ◇ Insulation of Paper Machines 1-5 and Old Pulp Mill Steam Lines.
- ◇ HFO consumption reduction for Phase-1 operation of Boiler #11.
- ◇ HP steam avoidance for combustion air preheating in Boiler #11.
- ◇ Raw Water Pump switch to reduce electrical load.
- ◇ Paper Machines 1-4 Stock Agitators - Speed reduction.
- ◇ PO1 Filtrate & EOP Effluent heat recovery through special wide-gap PHE.
- ◇ Solar Light fittings.

- ◇ Steam economy improvement in ALIL Multi-effect Evaporator.

b) Additional investments and proposals, if any :

- ◇ Diversion of Trim Cooler cooling water for DM water heating.
- ◇ Heat Recovery from RDH / Cl₂ Steam condensate.
- ◇ Solar Water Heater for Canteen.
- ◇ Cane Trash firing in Boilers.
- ◇ Biomass based Gasifier (as Fuel Switch) for Biogas as fuel for Rotary Lime Kiln.
- ◇ Flash Steam recovery from MG, Yankee, Coating Plant, Chiller and RDH Heaters.
- ◇ Optimising the Steam consumption in Re-causticising area.
- ◇ Recovery of Flash Steam from MG, YANKEE Cylinder condensate.

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

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

SESHASAYEE PAPER AND BOARDS LIMITED

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

FORM - A

| | Year ended | | | Year ended | |
|-------------------------------------|------------|-----------|---|------------|-----------|
| | 31-3-2009 | 31-3-2008 | | 31-3-2009 | 31-3-2008 |
| A POWER AND FUEL CONSUMPTION | | | 4 Coconut Shell | | |
| 1 Electricity | | | Quantity - tonnes | 3356 | 3953 |
| a) Purchased | | | Total cost - Rs lakhs | 100.15 | 93.07 |
| Unit - lakh kWh | 213.12 | 183.16 | Average rate - Rs/tonne | 2984 | 2354 |
| Energy charges - Rs lakhs | 780.51 | 672.01 | 5 Other Fuels | | |
| MD and other charges | 498.91 | 576.35 | Quantity - tonnes | 17 | — |
| Total charges | 1279.42 | 1248.36 | Total cost - Rs lakhs | 0.28 | — |
| Rate/unit - Rs | 3.6624 | 3.6689 | Average rate - Rs/tonne | 1628 | — |
| b) Own generation | | | 6 Furnace oil | | |
| Through Steam Turbine | | | Quantity - kilo litres | 3316 | 1296 |
| Units - lakh kWh | 1739.77 | 1587.43 | Total cost - Rs lakhs | 724.00 | 246.26 |
| Units per kg of fuel | — | — | Average rate - Rs/kilo litre | 21834 | 19002 |
| Cost/unit - (Variable) - Rs | 2.38 | 1.60 | | | |
| 2 Coal | | | B CONSUMPTION PER UNIT OF PRODUCTION | | |
| Quantity - tonnes | 132981 | 147109 | Electricity - kWh | 1630 | 1424 |
| Total cost - Rs lakhs | 6909.20 | 4324.86 | Coal - tonne | 1.110 | 1.183 |
| Average rate - Rs/tonne | 5196 | 2940 | Lignite - tonne | 0.152 | 0.049 |
| 3 Raw Lignite | | | Coconut Shell - tonne | 0.028 | 0.032 |
| Quantity - tonnes | 18148 | 6106 | Other Fuels - tonne | 0.0001 | — |
| Total cost - Rs lakhs | 325.20 | 102.27 | Furnace oil - kilo litre | 0.028 | 0.010 |
| Rate/unit - Rs/tonne | 1792 | 1675 | | | |

B. TECHNOLOGY ABSORPTION

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

FORM - B

RESEARCH AND DEVELOPMENT (R & D)

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

- (i) Bleaching of Hardwood Pulp : – Adapting modern technological methods of RDH Cooking and Oxygen Delignification to Raw Material.
- Improving Hardwood bleaching sequence to D0-EOP-D1, by way of Chlorine Dioxide as an effective bleaching agent for Elemental Chlorine Free Pulp.
 - Chlorine Dioxide plant was successfully commissioned.
 - Optimisation of the RDH and ECF operating parameters for effective use of the expensive Chemicals.

(ii) Paper Additives and Chemicals usage :

R & D trials and tests for quality improvement and cost effectiveness :

- Development of new products like Hibright Paper, Orange Kraft with Oxygen Delignified Pulp.
- High Grade Soap Stone Powder as filler for enhancing paper quality and eliminating any losses due to poor quality filler material.
- Modification of Native Starch properties using Enzyme for Size - Press applications.
- Evaluating the cost benefits of alternative wet end additives, such as Oxidized Starch, dry strength Resins from different sources.
- Laboratory tests on the effectiveness of the descaling agents for the benefit of EOP Washer System in ECF bleaching.
- Evaluate the efficacies of the pulping aids from alternative sources to focus on dollar and sense and prime quality.

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

- Elemental Chlorine Free bleached Hard Wood Pulp is characterised by :
 - Higher brightness
 - Higher strength
 - Higher whiteness
 - Lower color reversion and
 - Lower Dioxin discharge.

SESHASAYEE PAPER AND BOARDS LIMITED

- Optimising the Pulp cooking conditions and Chemical charges.
 - Down time reduction in Bleach Plant on account of EOP Washer scaling.
 - Lower consumption of Chemicals and Additives leading to reduction in costs.
 - Improved quality of Paper.
- 3 Future plan of action
 - Plant trials of ECF bleaching of Bagasse Pulp.
 - Improve the Effluent characteristics in terms of color and Dioxin discharge.
 - Eliminate acid sizing dyes for coloured papers, substituting with AKD sizing in alkaline medium with direct dyes.
 - Evaluation of different fillers through R&D trials and tests.
- 4 Expenditure on R & D
 - The R & D work is carried out in the Central Laboratory attached to the Mill.
- (a) Capital
 - –
- (b) Recurring
 - Rs 22.99 lakhs
- (c) Total
 - Rs 22.99 lakhs
- (d) Total R & D expenditure as a percentage of total turnover
 - 0.04%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

f) During the year under review, the Company exported 5741 tonnes of Paper and Boards valued at US \$ 6 012 584, equivalent to Rs 2673 lakhs.

g) Total Foreign Exchange earned and used :

| | | |
|-------------------------------------|-------------|--------------------|
| (i) Earnings | – Rs | 2673 lakhs |
| (ii) Outgo : | | |
| Raw Materials | – Rs | 4723 lakhs |
| Components, Spare Parts & Chemicals | – Rs | 7400 lakhs |
| Capital Goods | – Rs | 301 lakhs |
| Others | – Rs | 141 lakhs |
| Total | – Rs | 12565 lakhs |

STATEMENT REQUIRED TO BE FURNISHED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, AS AMENDED BY THE COMPANIES (AMENDMENT) ACT, 1988, AND READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 3 2009 :

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

| | | | | | |
|---|--|---|--|--|---|
| 1 | Name of employee | : | Sri N Gopalaratnam | Sri K S Kasi Viswanathan | Sri V Pichai |
| 2 | Designation / Nature of duties | : | Chairman and Managing Director | Deputy Managing Director | Director (Finance) & Secretary |
| 3 | Remuneration received | : | Rs 42 79 124 | Rs 30 02 606 | Rs 30 12 390 |
| 4 | Qualification | : | B. Sc., B.E. (Mech.) | B.Tech., MMS | B.Com., ACA, ACS, CAIIB |
| 5 | Experience of employee (years) | : | 40 | 34 | 39 |
| 6 | Date of commencement of employment | : | 01 04 1988 | 31 03 1991 | 12 06 1980 |
| 7 | Last employment held, designation / organisation | : | Project Specialist, SPB Projects and Consultancy Limited | Project Co-ordinator, SPB Projects and Consultancy Limited | Seven years experience in a Nationalised Bank |
| 8 | Age (years) | : | 62 | 58 | 61 |

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

Nil

Notes :

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

REPORT ON MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Paper Industry plays a very prominent role in the World Economy. Annual revenue from this Sector exceeds US \$ 500 billions. World consumption of paper and boards grew from 169 million tonnes in 1981, to 253 million tonnes in 1993 and to 352 million tonnes in 2005. Current consumption is of the order of 380 million tonnes.

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

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

Unlike consumption trends in the other mature commodity sectors, paper consumption follows closely economic growth. Per capita consumption has grown to about 190 kg per annum in Western Europe and more than 300 kg per annum in North America. In the developing economies, paper consumption is

growing rapidly, but the per capita consumption is still a low 17.5 kg per annum. However, paper and board consumption in Asia already exceeds that in Europe. This growth rate would eventually make the region the largest paper consumer in the world.

Domestic :

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

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

The Industry's current installed capacity is around 9.0 million tonnes. The annual output is of the order of 7.3 million tonnes. The consumption is estimated at 8.5 million tonnes. The Industry provides direct employment to more than 5 lakhs people, besides indirect employment to over 11 lakhs rural poor. The Industry has grown at a CAGR of 6% in the last

few years and is projected to grow at a CAGR of 7.6% in the next 2 - 3 years. While export performance witnessed a steady growth in the past, steep fall in prices, following the economic downturn in overseas markets, has forced the Indian Mills to cut back on exports.

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

(ii) Opportunities and Threats

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

- ◇ its large and growing domestic paper market and potential export market.
- ◇ qualified technical manpower with capability to manage world scale pulp and paper mills.
- ◇ relatively low employee cost.
- ◇ well established Research and Development (R & D) facilities / activities encouraging innovation.
- ◇ fast growing contemporary printing sector.
- ◇ Government's thrust for improving literacy in the Country.
- ◇ potential for growth of forest plantation.

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

- ◇ inadequate availability of virgin fibre resulting in high cost of raw materials, including wood, non-wood and waste paper.

- ◇ delay in creation of sustainable raw material base through industrial plantations.
- ◇ small and fragmented Industry structure.
- ◇ many non competitive mills.
- ◇ inconsistent multi-tiered quality of products.
- ◇ environmental problems of most of the small pulp mills and also some large mills.
- ◇ high energy consumption and costs.
- ◇ poor infrastructure.
- ◇ likely closures, owing to increasingly stringent environmental regulations.
- ◇ numerous Regional Trade Agreements (RTAs) / Free Trade Agreements (FTAs) without adequate safeguards.

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

Paper Industry is capital intensive and yields poor returns on investments. The issues that require the urgent attention of the Government are, creation of robust raw material base, fiscal incentives for assimilation of eco-friendly technologies, etc.

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

(iii) Segment-wise or Product-wise performance

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

(iv) Risks and Concerns

- ◇ There has been some improvement in the availability of wood from within the State. However, the price of wood is witnessing substantial increase, year after year. For the supplies effected from Government sources, the State Government is increasing the price, substantially, every year. Such price increases have impacted / will impact severely the margins of operations.
- ◇ The Company depends entirely on imported coal for operating its Captive Power Plant. The price of imported coal witnessed an unprecedented increase of more than 100% during 2007-08. Prices however softened from second half of 2008-09 and are currently in affordable range. Future profitability of the Company will be impacted substantially by price increases, if any.
- ◇ Continued reduction of peak import tariffs by Government of India will expose the Industry to flood of imports and will significantly alter the fortunes of the Industry and the Company.
- ◇ Undue haste in reducing tariffs, for imports from countries covered by Government of India's RTAs / FTAs, will likewise expose the Industry to inexpensive imports from low cost producers of paper.
- ◇ Spurt in interest rates in the garb of containing inflation will impact the cost of future Projects and operating margins.
- ◇ In recent times, there are wild fluctuations in the rate of exchange between the Indian Rupee against major international currencies. The price movements are uncertain and quick. There is no certainty in forecast of the direction of the price movement of the currency. Any substantial depreciation of the Indian Rupee against US Dollar will

impact the margins, since the Company imports substantial quantities of coal. The import of pulp has got reduced substantially with the completion of Mill Development Plan and the new Pulp Mill is in full operation.

- ◇ Rise in rate of inflation will impact the profitability of the Company, since there will be increase in prices of all inputs and cost of services, without matching increase in price for the Company's products.
- ◇ Failure of monsoon and absence of water flow in the River Cauvery, from where the Company draws its water requirements, had created anxious moments to the Company in the past. Such contingencies can recur in the future. Further, inter-state sharing of River Cauvery water has become a political / legal issue in recent times. The Company has, however, taken all steps to curtail quantum of water used in the process, substantially.

(v) Outlook for 2009-10

Global :

The economic crisis that hit the world in the second half of 2008, has no doubt hit the global Pulp and Paper Industry. The forces that drive paper consumption like publishing, advertising, media, etc, are in retreat and are eroding paper demand. Consequently, production, shipments, revenues of the Paper Industry are facing huge decline; the biggest has been in the coated mechanical grades, followed by uncoated wood free sheets, coated wood free sheets and uncoated mechanical grades like newsprint. This has resulted in paper manufacturers taking frequent market-related shut-downs, as well as 'idling' of some capacity. Permanent withdrawal of production capacity has also been done.

The saving grace for the North American Industry is the relief coming-in by way of lower costs of key-inputs, especially energy. Fitch

Ratings's forecast for the paper and forest products industry is "Negative Outlook". The forecast anticipates that revenues, earnings and cashflow will all be tested in this year leading to, in some cases, business failures.

Domestic :

Fitch Ratings has projected a stable outlook for the Indian Paper Sector for the year 2009, although expressing concerns about the consumption growth, capacity utilisation and profitability.

Prices are under pressure and expected to fall during the year. Some relief, though, will be forthcoming from lower cost of some input materials, including imported pulp and coal besides some chemicals. While the current macro economic factors project a lower paper consumption growth than in the recent years, increasing government spending on education, higher disposable incomes and improving standard of living will support demand growth in the Paper Sector in the coming years. This will, however, take a beating in the prevailing economic downturn, during the year 2009.

In the writing and printing paper grades, as well as industrial paper segment, domestic paper consumption is expected to remain in favour of locally produced paper, with imports remaining limited.

Total paper manufacturing capacity currently exceeds 9 million tonnes. Major paper manufacturers currently have plans to add another 1.5 - 2.0 million tonnes (of which 0.7 million tonnes are due for commissioning in the current financial year) capacity in the next three years. Capacity utilisation is, therefore, expected to fall. Prices of paper remained high during the first half of the year 2008 due to high cost of chemicals, fibre and energy. However, this trend is easing currently and should offer some relief to the industry in managing 'costs'.

In sum, the year will see the Indian Paper Industry stretched fully to maintain the capacity utilisation and will have to look for internal cost control measures to protect the margins.

(vi) Internal control systems and their adequacy

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

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

During the year, the Company produced 1 19 779 tonnes, compared to the installed capacity of 1 15 000 tonnes per annum, thus achieving a capacity utilisation in excess of 104%. The production of 1 19 779 tonnes was lower by 4533 tonnes, than 1 24 312 tonnes produced in the previous year. The lower production was mainly on account of higher downtime in Paper Machine - 5, integration of MDP Pulp Mill, Chemical Recovery Boiler and TG Set with the existing Plants and outages due to restrictions in drawal of power from Tamilnadu Grid.

The Company sold 1 19 152 tonnes, during the year, as against 1 23 700 tonnes, in the previous year, excluding 244 tonnes (previous year 481 tonnes) of paper bought and sold. The Company achieved Zero Stock of finished goods inventory, as at the end of the financial year, for the twelfth time in the last fifteen years.

The gross turnover was Rs 56116 lakhs, as against Rs 54723 lakhs, in the previous year, registering an increase of 2.5%, over the previous year.

During the first half of the year under review, the sentiments in the paper market witnessed steady trends, enabling the Company effect price revisions for its end products in line with other players in the industry. However, second half of the year witnessed volatile market conditions. To maintain stability in the market the industry offered additional discounts and also reduced prices of its products. On the part of the Government, rate of Excise Duty was reduced from 8% to 4% from December 2008 and such reduction was passed on to the market by the industry in the form of corresponding price reduction.

During the year, the Company exported 5741 tonnes of paper and paper boards, as compared to 9658 tonnes, during 2007-08. The proceeds amounted to US \$ 6 012 584, equivalent to Rs 2673 lakhs, as compared to Rs 3570 lakhs, during the previous year. The exports accounted for about 5% of the production.

Besides the above, the Company also sold 2030 tonnes, under deemed exports whose proceeds amounted to Rs 875 lakhs. Further, 1856 tonnes of Manganese Ore was also bought and exported through MMTC Limited, realising a sum of Rs 93 lakhs. The Company scaled down its exports, since exports were becoming un-remunerative due to steep fall in prices of paper in the international markets.

The Company's imports, consisting of coal, pulp and capital goods, were Rs 12424 lakhs, as compared to Rs 16299 lakhs, in the previous year. Consequently, the net foreign exchange outgo was Rs 9892 lakhs, compared to Rs 12888 lakhs, during 2007-08. The lower foreign exchange outgo was mainly on account of lower import of capital goods on completion of Mill Development Plan and lower pulp imports.

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

During the year 2008-09, the Company availed Interest Free Sales Tax Deferral of Rs 379 lakhs and the cumulative amount availed upto March 31, 2009 was Rs 3345 lakhs. The amount available for deferral has gone down substantially after the introduction of VAT in Tamilnadu where the rate of sales tax for paper has been reduced to 4%.

The Profit before interest, depreciation and tax, for the year under review, was Rs 6720 lakhs, as compared to Rs 8290 lakhs, in the previous year. Adverse exchange rate between Indian Rupee and US Dollar resulting in higher cost of imported pulp, imported coal and higher Rupee outgo on Foreign Currency Loans, increase in prices of fuels, especially imported coal, increase

in prices of raw materials, especially imported pulp, increase in cost of chemicals, due to increase in prices, higher usage of Paper Machine chemicals and usage of new chemicals in ECF bleaching of wood pulp, higher Interest and financing charges, due to capitalisation of remaining MDP assets, higher provision made for depreciation, due to capitalisation of remaining MDP assets, lower production, higher energy costs, due to higher consumption of power from State Grid and furnace oil, etc., have all severely impacted the profitability for the year. However, the adverse factors were moderated to a certain extent by increase in prices of paper and reduction in rate of Excise Duty, reduction in use of imported pulp, due to higher production of in-house pulp, reduction in provision made for Employees' Cost, due to higher provision made in the previous year to comply with Accounting Standard (AS) 15 for the first time, lower Repairs and Maintenance Expenditure, etc.

After absorbing interest and financing charges and depreciation of Rs 1700 lakhs and Rs 2629 lakhs, respectively, the profit before tax was Rs 2391 lakhs, as compared to Rs 6051 lakhs, in the previous year.

The Company was liable to only Minimum Alternate Tax (MAT) of Rs 265 lakhs, as against Current Tax liability of Rs 652 lakhs, in the previous year. In view of higher quantum of depreciation available, due to addition of Plant and Machinery under Mill Development Plan, the total income as per the regular method under the Income Tax Act is a loss. Hence, the entire MAT liability is carried over as MAT Credit Entitlement. Together with the opening balance of Rs 84 lakhs, the total MAT Credit Entitlement of Rs 349 lakhs is being carried forward to be set-off in the financial year 2009-10 or thereafter.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of Rs 858 lakhs has been transferred to Deferred Tax by debit to the Profit and Loss Account, as against transfer of Rs 790 lakhs to Deferred Tax in the previous year.

A sum of Rs 30 lakhs has been provided towards provision for Fringe Benefit Tax.

In the result, profit after tax for the year was Rs 1503 lakhs, as compared to Rs 4579 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.

When a Memorandum of Settlement reached between the Management and Labour Unions, under Section 12(3) of the Industrial Disputes Act, 1947, governing the Payment of Bonus / Goodwill payment and Production Incentive was in vogue, an Ordinance was issued by the Central Government, on 27th October 2007, to amend the Payment of Bonus Act, 1965, with retrospective effect from April 1, 2006.

The amendments were to give effect to the following :

- ◇ by the first amendment, the Salary ceiling was increased from Rs 3500 per month to Rs 10000 per month, for eligibility for coverage under the Payment of Bonus Act.
- ◇ by the second amendment, the Salary ceiling, on which bonus is payable to an eligible employee, was increased from Rs 2500 per month to Rs 3500 per month.

Under the subsisting Settlement, all Permanent employees who are covered under the payment of Bonus Act, are eligible for Bonus / Goodwill Payment equivalent to 20% of the eligible earnings, as per Payment of Bonus Act. Further, under the Settlement, all permanent employees are eligible to receive Production Incentive of 10% of their eligible earnings. The above Settlement, under Section 12(3) of the Industrial Disputes Act, is valid for five accounting years commencing from 2003-04.

To give effect to the amendment to the Payment of Bonus Act, series of discussions were held with the Labour Unions / Staff Association. Finally, during the discussions held on June 14, 2008, an agreement was reached and a Memorandum of Settlement was signed under Section 18(1) of the Industrial Disputes Act, 1947, providing more benefits than what were envisaged under the amended Payment of Bonus Act.

The said Settlements under Section 18(1) of the Industrial Disputes Act, 1947, with the Labour Unions and Staff Association were converted into settlements under Section 12(3) of the Industrial Disputes Act, 1947, before the Deputy Commissioner of Labour, Salem.

Currently, the Company has 1323 employees, of all ranks, on its rolls.

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

2 Board of Directors

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

| SI No. | Names 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 R V Gupta IAS (Retd.) | Nil | Non Executive Director | Independent Director |
| 4 | Dr S Narayan IAS (Retd.) | Nil | Non Executive Director | Independent Director |
| 5 | Sri Bimal Kumar Poddar | Nil | Non Executive Director | Non Independent Director |
| 6 | Sri V Sridar | Nil | Non Executive Director | Independent Director |
| 7 | Mrs Sheela Rani Chunkath, IAS | Nil | Non Executive Director | Nominee of TIIC as Equity Investor, Independent Director |
| 8 | Sri Debendranath Sarangi, IAS | Nil | Non Executive Director | Nominee of Tamilnadu Government - Independent Director |
| 9 | Sri K S Kasi Viswanathan | 492 | Deputy Managing Director - Executive Director | Whole-time Director - Non Independent Director |
| 10 | Sri V Pichai | 8449 | Director (Finance) & Secretary - Executive Director | Whole-time Director - Non Independent Director |

SESHASAYEE PAPER AND BOARDS LIMITED

Board Meetings :

During the year 2008-09, five Board Meetings were held on June 07, 2008, July 26, 2008, October 18, 2008, January 24, 2009 and March 28, 2009. The Annual General Meeting was held on July 26, 2008.

Attendance of each Director, at the Board Meetings held during the financial year 2008-09 and at the last Annual General Meeting, is furnished hereunder :

| SI No. | Names of the Directors | Board Meetings | | Last Annual General Meeting | |
|--------|--|----------------|----------|-----------------------------|--------------|
| | | Held | Attended | Attended | Not attended |
| 1 | Sri N Gopalaratnam | 5 | 5 | Yes | – |
| 2 | Sri Arun G Bijur | 5 | 5 | Yes | – |
| 3 | Sri R V Gupta ¹ | 5 | 4 | Yes | – |
| 4 | Dr S Narayan | 5 | 4 | – | Yes |
| 5 | Sri Bimal Kumar Poddar | 5 | 5 | Yes | – |
| 6 | Mrs Sheela Rani Chunkath, I A S ² | 5 | – | – | Yes |
| 7 | Sri S K Prabakar, I A S ³ | 5 | – | – | Yes |
| 8 | Sri C Umashankar, I A S ⁴ | 5 | – | – | Yes |
| 9 | Sri R Rajagopal, I A S ⁵ | 5 | – | – | Yes |
| 10 | Dr N Sundaradevan, I A S ⁶ | 5 | – | – | Yes |
| 11 | Sri Debendranath Sarangi, I A S ⁷ | 5 | – | – | Yes |
| 12 | Sri V Sridar ⁸ | 5 | – | – | Yes |
| 13 | Sri K S Kasi Viswanathan | 5 | 5 | Yes | – |
| 14 | Sri V Pichai | 5 | 5 | Yes | – |

- 1 Ceased to be a Nominee Director of IDBI Bank Limited with effect from August 29, 2008 and was appointed as an Additional Director with effect from September 26, 2008.
- 2 Appointed as a Nominee Director of Tamilnadu Industrial Investment Corporation Limited (TIIC) with effect from July 26, 2008. Ceased to be a Director with effect from October 18, 2008 on withdrawal of nomination by TIIC. On re-nomination, appointed as a Nominee Director of TIIC with effect from January 24, 2009.
- 3 Ceased to be a Director with effect from July 26, 2008.
- 4 Ceased to be a Director with effect from January 24, 2009.
- 5 Ceased to be a Director with effect from July 26, 2008.
- 6 Ceased to be a Director with effect from March 28, 2009.
- 7 Appointed as a Director with effect from March 28, 2009.
- 8 Appointed as a Director with effect from June 04, 2009.

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, 2009 :

| SI No. | Names of the Directors | Other Boards | | Other Board Committees | |
|--------|-------------------------------|-----------------|-----------------------------|------------------------|----------------------------|
| | | Number | Member / Chairperson | | Member / Chairperson |
| 1 | Sri N Gopalaratnam | 5 [@] | 5 - Chairman | 2 | 2 - Chairman |
| 2 | Sri Arun G Bijur | 3 | 3 - Member | 2 | 1 - Chairman 1 - Member |
| 3 | Sri R V Gupta, IAS (Retd.) | 6 | 6 - Member | 4 | 2 - Chairman 2 - Member |
| 4 | Dr S Narayan, IAS (Retd.) | 5 | 1 - Chairman 4 - Member | 2 | 2 - Member |
| 5 | Sri Bimal Kumar Poddar | 18 [#] | 5 - Chairman 13 - Member | 3 | 3 - Member |
| 6 | Mrs Sheela Rani Chunkath, IAS | 6 | 6 - Member | 1 | 1 - Chairman |
| 7 | Sri Debendranath Sarangi, IAS | 4 | 1 - Chairman 3 - Member | – | – |
| 8 | Sri V Sridar | 5 ⁺ | 5 - Member | 3 | 3 - Member |
| 9 | Sri K S Kasi Viswanathan | – | – | – | – |
| 10 | Sri V Pichai | 3 [*] | 3 - Member | – | – |

@ Includes 1 Private Limited Company.

Includes 7 Private Limited Companies.

+ All the three are Private Limited Companies.

* Position as on date.

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 Institutions / Banks, both interest and principal
- ◇ Payment of Government dues, such as customs duties, excise duties, sales 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 2008-09, is furnished hereunder :

| SI No. | Names 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 | 5 |
| 3 | Dr S Narayan, IAS (Retd.) | Independent Director | Member | 5 | 3 |
| 4 | Sri V Sridar [#] | Independent Director | Member | – | – |
| 5 | Sri Arun G Bijur | Non Independent Director | Member | 5 | 5 |
| 6 | Sri N Gopalratnam [*] | Non Independent Director | Member | 5 | 5 |

* Resigned from the Committee with effect from June 04, 2009.

Co-opted to the Audit Committee with effect from June 04, 2009.

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.

One meeting of the Remuneration Committee was held during the year 2008-09.

Remuneration to Non Whole-time Directors :

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

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

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

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

SESHASAYEE PAPER AND BOARDS LIMITED

During the financial year 2008-09 a sum of Rs 3 00 000 was paid as Sitting Fee to all the Non Whole-time Directors. Further, a sum of Rs 5 91 667 is payable, as Commission on Net Profits, for the financial year 2008-09. Details are furnished hereunder :

| Sl No. | Names of the Non Whole-time Directors | Sitting Fee paid | | Commission payable for 2008-09 |
|--------|---------------------------------------|------------------|--------------------|--------------------------------|
| | | Board Meetings | Committee Meetings | |
| | | Rs | Rs | |
| 1 | Sri Arun G Bijur | 25000 | 60000 | 100000 |
| 2 | Sri R V Gupta, IAS (Retd.) | 20000 | 50000 | 91667* |
| 3 | Dr S Narayan IAS (Retd.) | 20000 | 35000 | 100000 |
| 4 | Sri Bimal Kumar Poddar | 25000 | 65000 | 100000 |
| 5 | Mrs Sheela Rani Chunkath IAS | -- | -- | 100000# |
| 6 | Sri Debendranath Sarangi IAS | -- | -- | 100000@ |
| | Total | 90000 | 210000 | 591667 |

* Ceased to be a Nominee Director of IDBI Bank Limited with effect from August 29, 2008. He was appointed as an Independent Director with effect from September 26, 2008. Rs 41667 is payable to IDBI Bank Limited for the period during which he was its Nominee Director.

Payable to The Tamilnadu Industrial Investment Corporation Limited.

@ Payable to Government of Tamilnadu.

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

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

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

Remuneration to Chairman and Managing Director / Deputy Managing Director / Whole-time Director, for the financial year 2008-09 is as under :

| | Sri N Gopalaratnam | Sri K S Kasi Viswanathan | Sri V Pichai |
|-----------------------|--------------------|--------------------------|------------------|
| | Rs | Rs | Rs |
| Salary | 18 00 000 | 12 00 000 | 12 00 000 |
| Commission | 18 00 000 | 12 00 000 | 12 00 000 |
| Contribution to : | | | |
| - Provident Fund | 2 16 000 | 1 44 000 | 1 44 000 |
| - Superannuation Fund | 2 70 000 | 1 80 000 | 1 80 000 |
| - Gratuity Fund | 1 88 124 | 1 25 416 | 1 25 416 |
| Other Perquisites | 5 000 | 1 53 190 | 1 62 974 |
| Total | 42 79 124 | 30 02 606 | 30 12 390 |

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 2008-09 :

2

Number of complaints not solved to the satisfaction of shareholders :

Nil

Number of pending complaints as on March 31, 2009 :

Nil

6 General Meetings

Last three Annual General Meetings were held at 11.00 AM on July 29, 2006, July 28, 2007

and July 26, 2008, at the "Community Centre", SPB Colony, Erode 638 010.

There was no Special Resolution in the Annual General Meeting held on July 26, 2008. There were Special Resolutions in the Annual General Meetings held on July 29, 2006 and July 28, 2007, relating to commencement of new business of trading in all kinds of fuels, including petrol, diesel and other petroleum products and approval for payment of remuneration by way of commission to Non Whole-time Directors, respectively.

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 Meetings of the Company.

7 Disclosures

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

Our Company holds 17 85 260 Equity Shares in Ponni Sugars (Erode) Limited (PEL), representing 20.76% of the total Share Capital of PEL.

During the year 2008-09, the 20 00 000 Zero Coupon Rate Redeemable Preference Shares of Rs 10 each, held by the Company in PEL, was converted into 4 00 000 Equity Shares of Rs 10 each, at a Premium of Rs 40 per Share. Being a preferential allotment, these shares are subject to a lock-in period of three years upto July 19, 2011.

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

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

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

Our Company has also entered into a tripartite arrangement, with PEL and three Lift Irrigation Societies, for supply of treated effluent water, free of cost, to the Members of the Lift Irrigation Societies, for growing sugar cane in their fields and in turn, 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 the last Expansion / Modernisation Project, for implementation of the 20 MW Captive Power Project and also for the recent Mill Development Plan. Sri N Gopalaratnam, our Company's Chairman and Managing Director, is on the Board of SPB-PC and he is also the Chairman of SPB-PC. Sri Arun G Bijur, a Director of our Company is the Managing Director of SPB-PC. Our Company has invested Rs 5 lakhs, in the Equity Share Capital of SPB-PC, representing 16.67% of the total Equity Capital of SPB-PC.

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

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

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

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

HEB has embarked on a Project to diversify its product range and manufacture Automotive Lead Acid Batteries and VRLA Batteries for commercial applications in the domestic market.

The Plant, set up at a cost of Rs 20 crores (appx.), is currently undergoing trial runs and will be commissioned shortly. The Company expects to double its turnover from the current level of Rs 25 crores in the next couple of years. To part finance the Project, the Company is coming up with a Rights Issue of Equity Shares in the ratio of 1 : 1, at an issue price of Rs 100 per Share. The Company will be investing Rs 200 lakhs in the Equity Capital of HEB through this Rights Issue.

Sri N Gopalaratnam, our Company's Chairman and Managing Director, is on the Board of HEB and he is also the Chairman of HEB. Our Company is holding 82911 Equity Shares of Rs 10 each, in the Equity Capital of HEB, constituting 9.25% of the total Equity Share Capital of HEB.

Our Company has granted an Inter Corporate Loan of Rs 100 lakhs to HEB.

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

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

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

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

8 Compliance with Mandatory and Non mandatory requirements

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

The Company is in the regime of unqualified financial statements.

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

9 Means of communication

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

As per the directives of Securities and Exchange Board of India, information relating to shareholding pattern, quarterly results, etc., are

also placed on the official Web Site of SEBI (www.sebi.gov.in) under the Electronic Data Information Filing And Retrieval System (EDIFAR).

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 June 05, 2009.

12 Code of Conduct

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

CEO Declaration :

DECLARATION

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

Chennai
June 05, 2009

Sd/-
(N GOPALARATNAM)
Chairman and
Managing Director

13 Compliance Certificate of the Auditors

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

14 Secretarial Audit Reports

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

| For the Quarter ended | Furnished on |
|-----------------------|--------------|
| 30 06 2008 | 12 07 2008 |
| 30 09 2008 | 07 10 2008 |
| 31 12 2008 | 12 01 2009 |
| 31 03 2009 | 13 04 2009 |

15 General Shareholder information

- (i) AGM : Date, time and venue :
11.00 AM
Saturday, July 25, 2009
“Community Centre”, SPB Colony
Erode 638 010, Tamilnadu
- (ii) Financial Calendar (tentative and subject to change) :
June 2009 :
 Audited Results for 2008-09
July 2009 :
 Annual General Meeting and First
 Quarter Results for 2009-10
October 2009 :
 Second Quarter Results
January 2010 :
 Third Quarter Results

March 2010 :

Review of Performance

June 2010 :

Audited Results for 2009-10

July 2010 :

Annual General Meeting and
First Quarter Results for 2010-11.

- (iii) Date of Book closure :
From July 16, 2009 to July 25, 2009
(both days inclusive).
- (iv) Dividend Payment Date :
On or after July 25, 2009, but before the
statutory time limit of 30 days, from the date
of declaration.
- (v) Listing on Stock Exchanges :

(a) Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Ph: (91)(22) 2272 1233 - 1234
(General)
Web Site: www.bseindia.com
E-mail: isc@bseindia.com
Fax: (91)(22) 2272 2082, 2272 3132
(General)

(b) National Stock Exchange of India Limited

"Exchange Plaza"
Bandra - Kurla Complex
Bandra (East), Mumbai 400 051
Ph: (91)(22) 2659 8100, 6641 8100
Web Site: www.nseindia.com
E-mail: cmlist@nse.co.in
Fax: (91)(22) 2659 8120

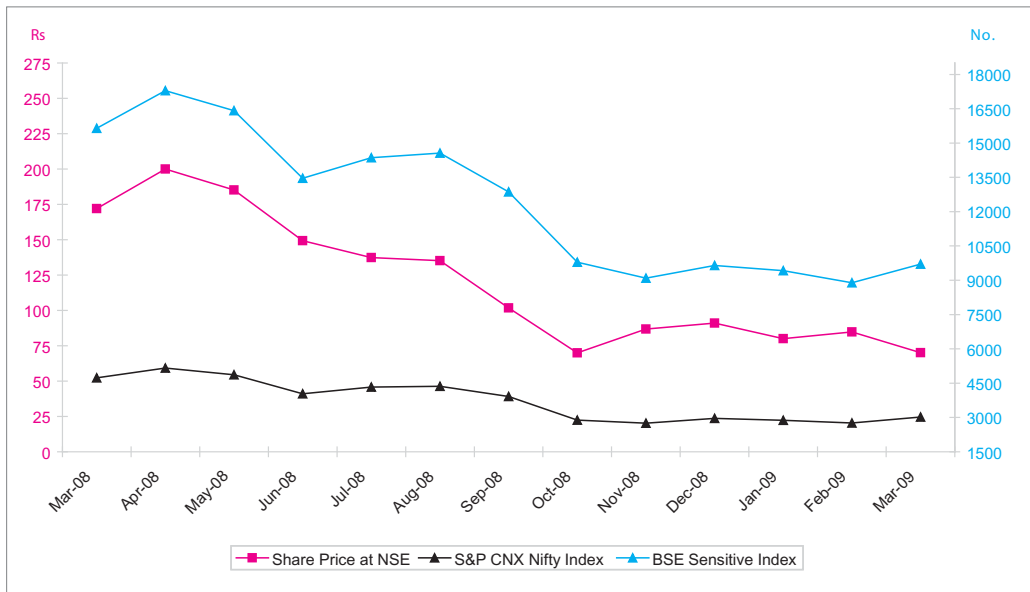
- (vi) Payment of Annual Listing Fees to the
Stock Exchanges :
Listing Fee has been paid to the above two
Stock Exchanges, in which the Company's
Equity Shares are listed, upto March 31,
2010.
- (vii) Stock Codes :
Under Demat System, the ISIN allotted to
the Company's Equity Shares is
INE630A01016.
The Company's Stock Codes are
SESHAPAPER in the National Stock
Exchange and **502450** in the Bombay
Stock Exchange.
- (viii) Market Price Data :
High, low and volume during each month
in the last financial year (reported at the
National Stock Exchange of India Limited
and Bombay Stock Exchange Limited).

15 General Shareholder information (Contd.)

(viii) Market Price Data (Contd.) :

| Month | Bombay Stock Exchange | | | | National Stock Exchange | | | |
|-------------|-----------------------|--------|---------------|------------------|-------------------------|--------|---------------|------------------|
| | Share Price | | Volume | | Share Price | | Volume | |
| | High Rs | Low Rs | No. of Shares | Value (Rs lakhs) | High Rs | Low Rs | No. of Shares | Value (Rs lakhs) |
| 2008 | | | | | | | | |
| April | 208.00 | 171.90 | 38 406 | 73.82 | 206.00 | 169.60 | 32 545 | 62.19 |
| May | 200.00 | 175.15 | 6 321 | 11.97 | 204.75 | 171.00 | 12 455 | 23.75 |
| June | 193.90 | 150.00 | 56 040 | 95.32 | 194.00 | 145.10 | 5 21 968 | 900.06 |
| July | 155.00 | 132.20 | 15 679 | 22.25 | 160.00 | 135.00 | 25 169 | 35.82 |
| August | 145.60 | 130.25 | 9 919 | 13.81 | 145.00 | 134.05 | 16 781 | 23.41 |
| September | 138.00 | 100.05 | 20 740 | 25.31 | 139.80 | 98.00 | 34 512 | 42.10 |
| October | 103.75 | 54.10 | 36 399 | 27.98 | 104.00 | 54.00 | 38 011 | 30.07 |
| November | 100.80 | 61.05 | 28 623 | 25.67 | 100.90 | 69.75 | 36 660 | 32.74 |
| December | 95.55 | 75.50 | 4 583 | 3.97 | 100.00 | 77.35 | 12 794 | 11.42 |
| 2009 | | | | | | | | |
| January | 94.00 | 75.15 | 3 489 | 2.98 | 95.00 | 74.80 | 26 504 | 22.39 |
| February | 89.00 | 70.20 | 1 08 461 | 85.07 | 85.95 | 73.10 | 11 914 | 9.61 |
| March | 87.00 | 62.00 | 1 62 472 | 121.29 | 84.80 | 68.05 | 31 200 | 23.93 |

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



15 General Shareholder information (Contd.)

- (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
 Email: yesbalu@iepindia.com

- (xi) Share Transfer System :

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

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

- (xii) Distribution of shareholding as on March 31, 2009 :

| Distribution | No. of Shareholders | % of Shareholders | No. of Shares | % of Share holding |
|-----------------|---------------------|-------------------|--------------------|--------------------|
| 1 - 100 | 9 988 | 73.38 | 4 59 331 | 4.08 |
| 101 - 200 | 1 863 | 13.69 | 2 82 880 | 2.51 |
| 201 - 500 | 1 138 | 8.36 | 3 70 832 | 3.30 |
| 501 - 1000 | 317 | 2.33 | 2 37 787 | 2.11 |
| 1001 - 5000 | 217 | 1.59 | 4 60 822 | 4.10 |
| 5001 - 10000 | 42 | 0.31 | 3 05 564 | 2.72 |
| 10001 and above | 47 | 0.34 | 91 32 784 | 81.18 |
| Total | 13 612 | 100.00 | 1 12 50 000 | 100.00 |

- (xiii) Pattern of shareholding as on March 31, 2009 :

| Category | No. of Shareholders | Voting strength % | No. of Shares held |
|---|---------------------|-------------------|--------------------|
| Individuals | 13 241 | 27.60 | 31 05 300 |
| Companies | 247 | 34.64 | 38 96 974 |
| FIs, NRIs, OCBs | 100 | 15.96 | 17 95 679 |
| Mutual Funds, Insurance Companies and Banks | 17 | 0.51 | 5 71 76 |
| FIs | 7 | 21.29 | 23 94 871 |
| Total | 13 612 | 100.00 | 1 12 50 000 |

15 General Shareholder information (Contd.)

(xiv) Top 10 Shareholders of the Company :

| Sl No. | Names | No. of Shares | % |
|--------------|--|------------------|--------------|
| 1 | The Tamilnadu Industrial Investment Corporation Limited | 18 00 000 | 16.00 |
| 2 | Synergy Investments Pte Ltd | 15 47 695 | 13.76 |
| 3 | Ponni Sugars (Erode) Ltd | 12 00 000 | 10.67 |
| 4 | Time Square Investments Private Ltd | 11 72 225 | 10.42 |
| 5 | Life Insurance Corporation of India | 5 93 271 | 5.27 |
| 6 | Dhanashree Investments Private Ltd | 5 29 204 | 4.70 |
| 7 | Sangameshwar Properties Private Ltd | 4 74 463 | 4.22 |
| 8 | Atyant Capital Management Ltd - A/c HSBC Securities Services | 2 21 682 | 1.97 |
| 9 | Ultra Investments & Leasing Company Private Ltd | 1 74 341 | 1.55 |
| 10 | Usha Devi Saraogi | 1 25 000 | 1.11 |
| Total | | 78 37 881 | 69.67 |

(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, 2009, 5177 Shareholders are holding Shares in dematerialised form and 86 09 960 shares have been dematerialised, representing 76.53% of the total Equity Share Capital.

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

NIL

(xvii) Plant Location :

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

(xviii) Address for correspondence :

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

SESHASAYEE PAPER AND BOARDS LIMITED

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 M/s Seshasayee Paper and Boards Limited, for the year ended on March 31, 2009, 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 Messrs S VISWANATHAN
Chella K Srinivasan
Membership No. 23305
Partner
Chartered Accountants

Chennai
June 05, 2009

For SURI & CO.,
S Ganesan
Membership No. 18525
Partner
Chartered Accountants

SESHASAYEE PAPER AND BOARDS LIMITED

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

SURI & CO.,
CHARTERED ACCOUNTANTS

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

We have audited the attached Balance Sheet of M/s SESHASAYEE PAPER AND BOARDS LIMITED, as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books.

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

In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, dealt with by this Report, comply with the Accounting Standards, referred to in Section 211(3C) of the Companies Act, 1956, so far as applicable.

On the basis of declarations from the Directors of the Company, as at March 31, 2009, and taken on record by the Board of Directors of the Company, no Director is disqualified as on March 31, 2009, from being appointed as a Director of the Company, in terms of Section 274(1)(g) of the Companies Act, 1956.

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

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

- (i) in the case of the Balance Sheet, of the state of the Company's affairs, as at March 31, 2009;
- (ii) in the case of the Profit and Loss Account, of the PROFIT for the financial year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

- (b) The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) Fixed assets of a substantial part, affecting the going concern, have not been disposed off during the year.
- 2 (a) The Management has carried out physical verification of inventory at reasonable intervals.
- (b) The procedure of physical verification of inventory, followed by the Management, is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3 (a) The Company has granted an unsecured loan of Rs one crore to a Company covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) The rate of interest and other terms and conditions of the loan given are, prima facie, not prejudicial to the interest of the Company.
- (c) The payment of interest is regular and the repayment of the principal has not fallen due and hence, Sub-clause (d) of Clause (iii) of Paragraph 4 of the Order is not applicable and
- (d) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, and hence, Sub-clauses (f) and (g) of Clause (iii) of Paragraph 4 of the Order are not applicable.
- 4 There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and no major weakness has been noticed in the internal control system.
- 5 (a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the Register required to be maintained under that Section.
- (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices at the relevant time.
- 6 The Company has not accepted any deposits from the public.
- 7 The Company has an internal audit system commensurate with its size and nature of its business.
- 8 Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956, and such accounts and records have been made and maintained.
- 9 (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
- (b) The Company has not deposited the disputed Excise Duty of Rs 389.61 lakhs, consisting of Rs 4.56 lakhs, for the period October 1996 to November 1996, Rs 4.69 lakhs for the period March 2005 to November 2005, Rs 76.61 lakhs, for the period May 2005 to December 2006 and Rs 269.76 lakhs, for the period February 2004 to March 2005, on which appeals are pending before the Custom Excise and Service Tax Appellate Tribunal and Rs 7.67 lakhs, for the period December 2005 to June 2007 and

SESHASAYEE PAPER AND BOARDS LIMITED

- Rs 26.32 lakhs for the period January 2007 to June 2007, on which appeals are pending before the Commissioner (Appeals).
- 10 The Company has no accumulated losses as at March 31, 2009 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
 - 11 The Company has not defaulted in repayment of dues to financial institution or banks. There are no dues payable to the debenture holders during the year.
 - 12 The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence, maintenance of adequate documents and records for such cases does not arise.
 - 13 The Company is not a chit fund / nidhi / mutual benefit fund / society and hence, Clause (xiii) of Paragraph 4 of the Order is not applicable to the Company.
 - 14 The Company is not dealing in or trading in shares, securities, debentures and other investments.
 - 15 The Company has not given any guarantee for loans taken by others from banks or financial institutions.
 - 16 Term loans borrowed by the Company were applied for the purpose for which the loans were obtained.
 - 17 Funds raised on short term basis have not been used for long term investments.
 - 18 The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
 - 19 The Company has not issued any debentures and hence, creation of charge does not arise.
 - 20 The Company has not raised any money through public issues and hence, disclosure and verification of end use of money raised through public issues do not arise.
 - 21 According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Messrs S VISWANATHAN

Chella K Srinivasan
Membership No. 23305
Partner
Chartered Accountants

Chennai
June 05, 2009

For SURI & CO.,

S Ganesan
Membership No. 18525
Partner
Chartered Accountants

SESHASAYEE PAPER AND BOARDS LIMITED

BALANCE SHEET AS AT 31st MARCH 2009

| | Schedule | As at 31-3-2009 | | As at 31-3-2008 | |
|--|----------|--------------------|-----------------|--------------------|-----------------|
| | | Rs lakhs | Rs lakhs | Rs lakhs | Rs lakhs |
| I SOURCES OF FUNDS | | | | | |
| 1 Shareholders' Funds | | | | | |
| (a) Share Capital | A | 1125.00 | | 1125.00 | |
| (b) Reserves and Surplus | B | <u>18127.95</u> | | <u>17085.89</u> | |
| | | | 19252.95 | | 18210.89 |
| 2 Loan Funds | | | | | |
| (a) Secured Loans | C | | 33697.71 | | 31110.07 |
| (b) Unsecured Loan - Interest Free Sales Tax Loan | | | 3344.52 | | 2965.97 |
| 3 Deferred tax | | | | | |
| Total | | | <u>6746.50</u> | | <u>5888.50</u> |
| | | | 63041.68 | | 58175.43 |
| II APPLICATION OF FUNDS | | | | | |
| 1 Fixed Assets | | | | | |
| (a) Gross Block | D | 74233.81 | | 44547.09 | |
| (b) Less : Depreciation | | <u>21571.33</u> | | <u>18961.41</u> | |
| (c) Net Block | | 52662.48 | | 25585.68 | |
| (d) Capital Work-in-Progress | | <u>132.99</u> | | <u>24867.43</u> | |
| | | | 52795.47 | | 50453.11 |
| 2 Investments | | | | | |
| | E | | 819.05 | | 819.05 |
| 3 Current Assets, Loans and Advances | | | | | |
| (a) Inventories | F | 6844.56 | | 7052.12 | |
| (b) Sundry Debtors | G | 4903.15 | | 4994.71 | |
| (c) Cash and Bank Balances | H | 6440.94 | | 8045.64 | |
| (d) Loans and Advances | I | <u>3057.32</u> | | <u>3442.17</u> | |
| | | 21245.97 | | 23534.64 | |
| <i>Less :</i> | | | | | |
| Current Liabilities and Provisions | | | | | |
| (a) Liabilities | J | 11358.14 | | 16104.89 | |
| (b) Provisions | | <u>460.67</u> | | <u>526.48</u> | |
| | | 11818.81 | | 16631.37 | |
| Net Current Assets | | | <u>9427.16</u> | | <u>6903.27</u> |
| Total | | | 63041.68 | | 58175.43 |

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

| | | | |
|--|---|---|--|
| Vide our report of date attached For Messrs S VISWANATHAN Chella K Srinivasan Membership No.23305 Partner Chartered Accountants Chennai June 05, 2009 | For SURI & CO., S Ganesan Membership No.18525 Partner Chartered Accountants | NGOPALARATNAM Chairman and Managing Director V PICHAI Director (Finance) & Secretary | ARUN G BIJUR R V GUPTA V SRIDAR Directors K S KASI VISWANATHAN Deputy Managing Director |
|--|---|---|--|

SESHASAYEE PAPER AND BOARDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

| | Schedule | Year ended 31-3-2009 | | Year ended 31-3-2008 | |
|---|----------|-------------------------|-----------------|-------------------------|-----------------|
| | | Rs lakhs | Rs lakhs | Rs lakhs | Rs lakhs |
| 1 INCOME | | | | | |
| Sales (Net) | K | | 49166.98 | | 45642.20 |
| Other income | L | | 83.21 | | 136.87 |
| Increase / (Decrease) in Stock-in-Trade | M | | 0.00 | | 0.00 |
| | | | <u>49250.19</u> | | <u>45779.07</u> |
| 2 EXPENDITURE | | | | | |
| Materials Consumed | N | | 25818.46 | | 25360.31 |
| Power and Fuel | | | 9478.66 | | 6303.01 |
| Employees' Cost | O | | 3184.30 | | 3334.67 |
| Repairs and Maintenance | P | | 1546.53 | | 1597.64 |
| Other Expenses | Q | | 2193.49 | | 1039.27 |
| Decrease /(Increase) in Stock-in-Process | R | | 308.92 | | (-) 145.78 |
| | | | <u>42530.36</u> | | <u>37489.12</u> |
| 3 PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | | | | | |
| | | | 6719.83 | | 8289.95 |
| Interest and Financing Charges (Net) | S | | 1700.24 | | 497.38 |
| Depreciation | | | <u>2628.86</u> | | <u>1741.54</u> |
| 4 PROFIT BEFORE TAX | | | | | |
| | | | 2390.73 | | 6051.03 |
| Provision for Current Tax | | | | | |
| – Minimum Alternate Tax (MAT) payable | | 265.00 | | 679.00 | |
| – MAT Credit Entitlement | | <u>265.00</u> | | <u>27.00</u> | |
| | | | 0.00 | | 652.00 |
| Transfer to / (from) Deferred Tax | | | 858.00 | | 790.00 |
| Provision for Fringe Benefit Tax | | | <u>30.00</u> | | <u>30.00</u> |
| 5 PROFIT AFTER TAX | | | | | |
| | | | 1502.73 | | 4579.03 |
| Profit brought forward from previous year | | | 1545.60 | | 1393.05 |
| <i>Transfer from :</i> | | | | | |
| Investment Allowance Reserve | | | 55.00 | | 100.00 |
| Total | | | <u>3103.33</u> | | <u>6072.08</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009 (Contd.)

| | Year ended 31-3-2009 Rs lakhs | Year ended 31-3-2008 Rs lakhs |
|--|-------------------------------------|-------------------------------------|
| 6 APPROPRIATIONS | | |
| <i>Transfer to :</i> | | |
| General Reserve | 1000.00 | 4000.00 |
| Proposed Dividend at Rs 3.50 per Equity Share of Rs 10 each (Previous year Rs 4 per Equity Share of Rs 10 each) | 393.75 | 450.00 |
| Tax on Proposed Dividend | 66.92 | 76.48 |
| Balance Carried over | 1642.66 | 1545.60 |
| Total | 3103.33 | 6072.08 |
| Notes : | | |
| 1 Basic and Diluted Earnings Per Share (Rs) : | 13.36 | 40.70 |
| 2 Number of Equity Shares of Rs 10 each | 11250000 | 11250000 |
| 3 Disclosure as per Accounting Standard (AS) 9 : | | |
| | Rs lakhs | Rs lakhs |
| Sales (Gross) | 56115.94 | 54723.01 |
| <i>Less : Excise Duty and Excise Cess</i> | 3204.71 | 5218.97 |
| Sales (Net of Excise Duty and Excise Cess) | 52911.23 | 49504.04 |
| 4 Schedules 'K' to 'S' and Notes in Schedule 'T' form an integral part of this Profit and Loss Account. | | |

| | | | |
|--|---|---|--|
| Vide our report of date attached For Messrs S VISWANATHAN Chella K Srinivasan Membership No.23305 Partner Chennai June 05, 2009 Chartered Accountants | For SURI & CO., S Ganesan Membership No.18525 Partner Chartered Accountants | NGOPALARATNAM Chairman and Managing Director V PICHAI Director (Finance) & Secretary | ARUN G BIJUR R V GUPTA V SRIDAR Directors K S KASI VISWANATHAN Deputy Managing Director |
|--|---|---|--|

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2009 Rs lakhs | As at 31-3-2008 Rs lakhs |
|--|--------------------------------|--------------------------------|
| SCHEDULE 'A' - SHARE CAPITAL | | |
| AUTHORISED : | | |
| 2 50 00 000 - Equity Shares of Rs 10 each | 2500.00 | 2500.00 |
| 3 00 00 000 - Cumulative Redeemable Preference Shares of Rs 10 each | 3000.00 | 3000.00 |
| | <u>5500.00</u> | <u>5500.00</u> |
| ISSUED, SUBSCRIBED AND PAID UP : | | |
| 1 12 50 000 - Equity Shares of Rs 10 each fully paid up | 1125.00 | 1125.00 |
| (Of the above, 17 50 000 Equity Shares were allotted as fully paid up, by way of bonus shares, by capitalisation of Reserves) | | |
| | <u>1125.00</u> | <u>1125.00</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2009 Rs lakhs | As at 31-3-2008 Rs lakhs | |
|---|--------------------------------|--------------------------------|----------|
| SCHEDULE 'B' - RESERVES AND SURPLUS | | | |
| CAPITAL RESERVE : | | | |
| As per last Balance Sheet | 50.29 | | 50.29 |
| SHARE PREMIUM ACCOUNT : | | | |
| As per last Balance Sheet | 360.00 | | 360.00 |
| OTHER RESERVES : | | | |
| Investment Allowance Reserve : | | | |
| As per last Balance Sheet | 130.00 | | 230.00 |
| <i>Less</i> : Transfer to Profit and Loss Account | 55.00 | | 100.00 |
| | 75.00 | | 130.00 |
| (Rs 75.00 lakhs utilised for acquiring new machinery and plant) | | | |
| General Reserve : | | | |
| As per last Balance Sheet | 15000.00 | | 11000.00 |
| <i>Add</i> : Transfer from Profit and Loss Account | 1000.00 | | 4000.00 |
| | 16000.00 | | 15000.00 |
| Surplus : | | | |
| Balance in Profit and Loss Account | 1642.66 | | 1545.60 |
| | 18127.95 | | 17085.89 |

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2009
Rs lakhs

As at
31-3-2008
Rs lakhs

SCHEDULE 'C' - SECURED LOANS

LOANS AND ADVANCES FROM BANKS :

| | | |
|---|-----------------|----------|
| WORKING CAPITAL ADVANCES (See Note 2 below) | 7823.39 | 4315.05 |
| TERM LOANS | | |
| (a) Expansion Project (See Note 1 below) | 0.00 | 1020.00 |
| (b) Captive Power Project (See Note 1(c) below) | 1125.00 | 2025.00 |
| (c) Mill Development Plan (See Note 1 below) | 24749.32 | 23750.02 |
| | 33697.71 | 31110.07 |

Notes :

1 Secured by :

- a) a charge, by way of mortgage of immovable properties of the Company, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 18.30 acres of land, together with structures thereon and items enumerated in (c) below) and
- b) by way of hypothecation of all Company's movables, including movable plant and machinery, other than items enumerated in (c) below, save and except book debts, subject to prior charge in favour of Company's bankers, for securing working capital advances.
- c) by way of hypothecation of movable plant, machinery, fixtures, implements, fittings and other installations and all other articles and things purchased for the Captive Power Project.

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

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

SESHASAYEE PAPER AND BOARDS LIMITED

SCHEDULE 'D' - FIXED ASSETS

| PARTICULARS | COST | | | | DEPRECIATION | | | | WRITTEN DOWN VALUE | |
|--|-------------------------------|-----------------------|--|--------------------------------|-------------------------------|-----------------------------|---------------------------------------|-------------------------------|--------------------------------|--------------------------------|
| | As at 1-4-2008 Rs lakhs | Additions Rs lakhs | Deductions/ Adjustments Rs lakhs | As at 31-3-2009 Rs lakhs | Upto 31-3-2008 Rs lakhs | For the Year Rs lakhs | Withdrawn/ Adjustments Rs lakhs | Upto 31-3-2009 Rs lakhs | As at 31-3-2009 Rs lakhs | As at 31-3-2008 Rs lakhs |
| A. TANGIBLE ASSETS | | | | | | | | | | |
| LAND AND BETTERMENT | 108.35 | 0.00 | 0.00 | 108.35 | 0.00 | 0.00 | 0.00 | 0.00 | 108.35 | 108.35 |
| BUILDINGS | | | | | | | | | | |
| - LEASEHOLD | 20.51 | 0.00 | 0.00 | 20.51 | 4.37 | 0.33 | 0.00 | 4.70 | 15.81 | 16.14 |
| - OTHERS | 3962.04 | 3168.20 | 16.40 | 7113.84 | 1097.09 | 176.77 | 6.06 | 1267.80 | 5846.04 | 2864.95 |
| PLANT AND MACHINERY | | | | | | | | | | |
| - ON LEASE TO OTHERS | 4210.62 | 0.00 | 0.00 | 4210.62 | 4210.62 | 0.00 | 0.00 | 4210.62 | 0.00 | 0.00 |
| - OTHERS | 35333.41 | 26234.36 | 5.69 | 61562.08 | 13117.46 | 2380.95 | 4.30 | 15494.11 | 46067.97 | 22215.95 |
| FURNITURE, FIXTURES, EQUIPMENT, ETC. | | | | | | | | | | |
| | 808.09 | 115.51 | 5.73 | 917.87 | 478.67 | 54.16 | 4.62 | 528.21 | 389.66 | 329.42 |
| VEHICLES | | | | | | | | | | |
| | 104.07 | 12.17 | 4.58 | 111.66 | 53.20 | 7.32 | 3.96 | 56.56 | 55.10 | 50.87 |
| B. INTANGIBLE ASSETS | | | | | | | | | | |
| TECHNICAL KNOW-HOW | 0.00 | 177.99 | 0.00 | 177.99 | 0.00 | 7.75 | 0.00 | 7.75 | 170.24 | 0.00 |
| COMPUTER SOFTWARE | 0.00 | 10.89 | 0.00 | 10.89 | 0.00 | 1.58 | 0.00 | 1.58 | 9.31 | 0.00 |
| | 44547.09 | 29719.12 | 32.40 | 74233.81 | 18961.41 | 2628.86 | 18.94 | 21571.33 | 52662.48 | 25585.68 |
| CAPITAL WORK-IN-PROGRESS - AT COST | | | | | | | | | | |
| - Advances - Unsecured - Considered Good | | | | | | | | | 8.54 | 51.50 |
| - Others | | | | | | | | | 124.45 | 79.70 |
| MILL DEVELOPMENT PLAN - AT COST | | | | | | | | | | |
| - As per Annexure | | | | | | | | | 0.00 | 24736.23 |
| | | | | | | | | | <u>52795.47</u> | <u>50453.11</u> |
| Previous year | 40953.73 | 3614.08 | 20.72 | 44547.09 | 17232.86 | 1741.54 | 12.99 | 18961.41 | 50453.11 | 35265.88 |

SESHASAYEE PAPER AND BOARDS LIMITED

ANNEXURE

| | | As at 31-3-2009 | | As at 31-3-2008 | |
|----------------------------------|--|--------------------|----------|--------------------|----------|
| | Rs lakhs | Rs lakhs | Rs lakhs | Rs lakhs | Rs lakhs |
| CAPITAL WORK-IN-PROGRESS: | | | | | |
| MILL DEVELOPMENT PLAN | | | | | |
| 1 | Buildings | | 2769.31 | | 2776.75 |
| 2 | Plant and Machinery | | 26694.47 | | 24436.57 |
| 3 | Advances to Suppliers / Contractors | | 0.00 | | 223.57 |
| 4 | Pre-operative expenses : | | | | |
| | - Employees' Cost | | | | |
| | - Salaries, Wages and Bonus | 238.81 | | 173.73 | |
| | - Contribution to Employees' Provident and Other Funds / Schemes | 38.98 | | 30.29 | |
| | - Welfare Expenses | 18.98 | | 15.80 | |
| | | | 296.77 | | 219.82 |
| | - Travelling Expenses | | 90.73 | | 78.42 |
| | - Insurance | | 111.07 | | 103.86 |
| | - Auditors' Remuneration for certification | | 0.27 | | 0.24 |
| | - Trial Production expenses | | 1587.56 | | 298.40 |
| | - Others | | 165.13 | | 128.01 |
| | | | 2251.53 | | 828.75 |
| 5 | Interest and Financing Charges (Includes Interest capitalised during the year- Rs 1045.79 lakhs) | | 3131.42 | | 2085.63 |
| 6 | Engineering and Supervisory Charges | | 339.52 | | 296.95 |
| | | | 35186.25 | | 30648.22 |
| | Less : Income during construction : | | | | |
| | - Interest | | 33.96 | | 31.14 |
| | (Tax deducted at source - Rs 7.60 lakhs) | | | | |
| | (Previous year - Rs 6.98 lakhs) | | | | |
| | | | 35152.29 | | 30617.08 |
| | Less : (a) Transferred to Fixed Assets upto 2007-08 (Includes Interest capitalised - Rs 314.15 lakhs) | | 5880.85 | | 5880.85 |
| | (b) Transferred to Fixed Assets in 2008-09 (Includes Interest capitalised - Rs 2783.30 lakhs) | | 29271.44 | | 0.00 |
| | | | 0.00 | | 24736.23 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | |
|--------------------|--------------------|
| As at 31-3-2009 | As at 31-3-2008 |
| Rs lakhs | Rs lakhs |

SCHEDULE 'E' - INVESTMENTS

LONG TERM INVESTMENTS

NON-TRADE

IN SHARES - FULLY PAID :

Quoted :

| | | | | |
|----------|--|--------|--|--------|
| 53 166 | Equity Shares of Rs 10 each in Housing Development Finance Corporation Limited | 7.09 | | 7.09 |
| 500 | Equity Shares of Rs 10 each in HDFC Bank Limited | 0.05 | | 0.05 |
| 1 14 080 | Equity Shares of Rs 10 each in Industrial Development Bank of India Limited | 91.07 | | 91.07 |
| 82 911 | Equity Shares of Rs 10 each in High Energy Batteries (India) Limited | 187.15 | | 187.15 |

Unquoted :

| | | | | |
|--------|---|------|--|------|
| 50 000 | Equity Shares of Rs 10 each in Agri Development Finance (Tamilnadu) Limited | 5.00 | | 5.00 |
|--------|---|------|--|------|

TRADE

IN SHARES - FULLY PAID :

Quoted :

| | | | | |
|-----------|---|---------------|--|---------------|
| 17 85 260 | Equity Shares of Rs 10 each in Ponnai Sugars (Erode) Limited | 215.58 | | 215.58 |
| | Add : Conversion of 20 00 000 Zero Coupon Rate Redeemable Preference Shares of Rs 10 each into 4 00 000 Equity Shares of Rs 10 each at a premium of Rs 40 per share (Previous year : No. of shares 13 85 260) | 200.00 | | 0.00 |
| | | 415.58 | | 215.58 |
| 1 00 000 | Equity Shares of Rs 10 each in Tamilnadu Newsprint and Papers Limited | 106.70 | | 106.70 |
| | Carried over | 812.64 | | 612.64 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | |
|--------------------|--------------------|
| As at 31-3-2009 | As at 31-3-2008 |
| Rs lakhs | Rs lakhs |

SCHEDULE 'E' - INVESTMENTS (Contd.)

LONG TERM INVESTMENTS

| | | |
|---|---------------|---------------|
| Brought forward | 812.64 | 612.64 |
| TRADE | | |
| IN SHARES - FULLY PAID (Contd.) : | | |
| <i>Unquoted :</i> | | |
| 4 100 Equity Shares of Rs 10 each in ESVIN Advanced Technologies Limited | 0.41 | 0.41 |
| 50 000 Equity Shares of Rs 10 each in SPB Projects and Consultancy Limited | 5.00 | 5.00 |
| 10 000 Equity Shares of Rs 10 each in OPG Energy Private Limited | 1.00 | 1.00 |
| Zero Coupon Rate Redeemable Preference Shares of Rs 10 each in Ponni Sugars (Erode) Limited | 200.00 | 200.00 |
| <i>Less : Converted into 4 00 000 Equity shares of Rs 10 each at a Premium of Rs 40 per share (Previous year : No. of shares 20 00 000)</i> | <u>200.00</u> | <u>0.00</u> |
| | <u>819.05</u> | <u>819.05</u> |

Notes:

1 During the year 2008-09, the 20 00 000 Zero Coupon Rate Redeemable Preference Shares of Rs 10 each, held by the Company in Ponni Sugars (Erode) Limited, were converted into 4 00 000 Equity Shares of Rs 10 each, at a Premium of Rs 40 per share. Being a preferential allotment, these shares are subject to a lock-in period of three years upto July 19, 2011.

| | | |
|-----------------------|----------|--------------|
| | Cost | Market Value |
| | Rs lakhs | Rs lakhs |
| Aggregate amount of : | | |
| Quoted Investments | 807.64 | 1418.80 |
| Unquoted Investments | 11.41 | - |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2009 Rs lakhs | As at 31-3-2008 Rs lakhs |
|--------------------------------------|--------------------------------|--------------------------------|
| SCHEDULE 'F' - INVENTORIES | | |
| Raw materials | 3338.78 | 4326.66 |
| Stores, Spares, Chemicals and others | 3173.10 | 2083.86 |
| Stock-in-Trade | 0.00 | 0.00 |
| Stock-in-Process | 332.68 | 641.60 |
| | <u>6844.56</u> | <u>7052.12</u> |

SCHEDULE 'G' - SUNDRY DEBTORS

SECURED - CONSIDERED GOOD :

| | | |
|----------------------|---------|---------|
| Exceeding six months | 32.90 | 67.37 |
| Other debts | 1008.89 | 1094.69 |

UNSECURED - CONSIDERED GOOD :

| | | |
|----------------------|---------|---------|
| Exceeding six months | 2.37 | 32.66 |
| Other debts | 3858.99 | 3799.99 |

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

| | | |
|--|----------------|----------------|
| | <u>4903.15</u> | <u>4994.71</u> |
|--|----------------|----------------|

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2009 | As at 31-3-2008 |
|---|-----------------------|-----------------------|
| | Rs lakhs | Rs lakhs |
| SCHEDULE 'H' - CASH AND BANK BALANCES | | |
| CASH BALANCE : | | |
| Cash on hand | 15.27 | 27.73 |
| BANK BALANCES : | | |
| WITH SCHEDULED BANKS : | | |
| In Current Accounts | 668.93 | 2242.62 |
| In Unclaimed Dividend Accounts | 43.85 | 38.40 |
| In Deposit Accounts | <u>5712.89</u> * | <u>5736.89</u> * |
| | 6425.67 | 8017.91 |
| * (Includes Rs 0.39 lakhs, pledged with State Government Department, as Security) | | |
| | <u>6440.94</u> | <u>8045.64</u> |

SCHEDULE 'I' - LOANS AND ADVANCES

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

| | | |
|---|-----------------------|-----------------------|
| Deposits | 288.12 | 330.15 |
| Inter Corporate Loans | 100.00 | 100.00 |
| Prepaid expenses | 152.29 | 137.78 |
| Balances in Current Account with Central Excise Department and Port Trust | 53.73 | 63.81 |
| Tax payments pending adjustments | 520.77 | 312.93 |
| MAT Credit Entitlement | 349.00 | 84.00 |
| Others | 1593.41 | 2413.50 |
| | <u>3057.32</u> | <u>3442.17</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2009 | As at 31-3-2008 |
|--|--------------------|--------------------|
| | Rs lakhs | Rs lakhs |
| SCHEDULE 'J' - CURRENT LIABILITIES AND PROVISIONS | | |
| CURRENT LIABILITIES : | | |
| Acceptances | 3448.98 | 8219.65 |
| Sundry Creditors | | |
| - Total outstanding dues of Micro Enterprises and Small Enterprises | 0.00 | 0.00 |
| - Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises (Please refer Note No. 9 of Schedule 'T') | 6869.70 | 6838.43 |
| | 6869.70 | 6838.43 |
| Investor Education and Protection Fund shall be credited by the following amounts, namely | | |
| - Unclaimed Dividend (due at the end of the year - Nil) | 43.85 | 38.40 |
| Security Deposit from Distributors | 981.61 | 993.01 |
| Interest accrued but not due on loans | 14.00 | 15.40 |
| | <u>11358.14</u> | <u>16104.89</u> |
| PROVISIONS : | | |
| Proposed Dividend | 393.75 | 450.00 |
| Provision for Tax on Dividend | 66.92 | 76.48 |
| | <u>460.67</u> | <u>526.48</u> |

| | Year ended 31-3-2009 Rs lakhs | Year ended 31-3-2008 Rs lakhs |
|--|-------------------------------------|-------------------------------------|
|--|-------------------------------------|-------------------------------------|

SCHEDULE 'K' - SALES (NET)

SALES, INCLUSIVE OF EXCISE DUTY AND EXCISE CESS

| | | |
|------------------------------|-----------------|-----------------|
| | 56115.94* | 54723.01 |
| <i>Less :</i> | | |
| Excise duty and Excise cess | 3204.71 | 5218.97 |
| Distributors' commission | 589.12 | 556.68 |
| Packing and delivery charges | 2189.72 | 2418.04 |
| Cash Discount | 965.41 | 887.12 |
| | <u>6948.96</u> | <u>9080.81</u> |
| | <u>49166.98</u> | <u>45642.20</u> |

* includes bought and sold :

- (i) Paper - 244 tonnes - value Rs 125.03 lakhs (Previous year 481 tonnes - value Rs 201.68 lakhs)
- (ii) Petroleum Products - Rs 955.49 lakhs (Previous year - Rs 698.71 lakhs)
- (iii) Manganese Ore - 1856 tonnes - value Rs 93.10 lakhs (Previous year - 770 tonnes - value Rs 33.56 lakhs)
- (iv) Imported Pulp - 109 tonnes - value Rs 22.57 lakhs (Previous year - Nil)

SESHASAYEE PAPER AND BOARDS LIMITED

Year ended
31-3-2009
Rs lakhs

Year ended
31-3-2008
Rs lakhs

SCHEDULE 'L' - OTHER INCOME

| | | |
|--------------------------------|--------------|---------------|
| Income from Investments | | |
| From Long Term Investments | | |
| (i) Non Trade Investments | | |
| - Dividends | 13.31 | 18.97 |
| (ii) Trade Investments | | |
| - Dividends | 17.69 | 16.76 |
| Rent | 5.09 | 4.95 |
| Profit on sale of assets (Net) | 0.34 | 0.71 |
| Miscellaneous receipts | 46.78 | 95.48 |
| | 83.21 | 136.87 |

SCHEDULE 'M' - INCREASE / (DECREASE) IN STOCK-IN-TRADE

| | | |
|----------------------|-------------|-------------|
| Closing stock | 0.00 | 0.00 |
| Less : Opening stock | 0.00 | 0.00 |
| | 0.00 | 0.00 |

Year ended
31-3-2009
Rs lakhs

Year ended
31-3-2008
Rs lakhs

SCHEDULE 'N' - MATERIALS CONSUMED

| | | |
|--|-----------------|-----------------|
| RAW MATERIALS CONSUMED | | |
| Opening Stock | 4326.66 | 3091.50 |
| Add : Purchases, including procurement expenses | 15841.90 | 18998.30 |
| | 20168.56 | 22089.80 |
| Less : Closing Stock | 3338.78 | 4326.66 |
| | 16829.78 | 17763.14 |
| Add : Feeding and other charges | 319.83 | 251.69 |
| | 17149.61 | 18014.83 |
| STORES, SPARES AND CHEMICALS CONSUMED | 8668.85 | 7345.48 |
| | 25818.46 | 25360.31 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | Year ended 31-3-2009 Rs lakhs | Year ended 31-3-2008 Rs lakhs |
|--|-------------------------------------|-------------------------------------|
| SCHEDULE 'O' - EMPLOYEES' COST | | |
| Salaries, Wages, Bonus and Commission | 2434.61 | 2430.16 |
| Contribution to : | | |
| - Employees' Provident Fund, including administrative charges | 207.59 | 201.50 |
| - Employees' State Insurance Scheme | 25.00 | 33.42 |
| - Employees' Group Gratuity-cum- Life Assurance Trust | 165.66 | 365.80 |
| - Superannuation Fund | 6.30 | 4.86 |
| - Group Insurance Scheme | 4.20 | 4.56 |
| | 408.75 | 610.14 |
| Welfare expenses | 340.94 | 294.37 |
| | 3184.30 | 3334.67 |

| | Year ended 31-3-2009 Rs lakhs | Year ended 31-3-2008 Rs lakhs |
|---|-------------------------------------|-------------------------------------|
| SCHEDULE 'P' - REPAIRS AND MAINTENANCE | | |
| Buildings | 236.40 | 206.86 |
| Machinery | 1212.31 | 1303.34 |
| Others | 97.82 | 87.44 |
| | 1546.53 | 1597.64 |

SESHASAYEE PAPER AND BOARDS LIMITED

Year ended
31-3-2009
Rs lakhs

Year ended
31-3-2008
Rs lakhs

SCHEDULE 'Q' - OTHER EXPENSES

| | | |
|---|----------------|----------------|
| Rent | 63.26 | 54.50 |
| Rates, taxes and licence fees | 130.74 | 108.05 |
| Insurance | 140.41 | 141.57 |
| Directors' sitting fees | 3.00 | 2.35 |
| Auditors' Remuneration | 9.47 | 8.94 |
| Conversion charges | 11.14 | 9.63 |
| Office and other expenses | 525.36 | 494.09 |
| Miscellaneous expenses | 218.85 | 215.24 |
| Exchange difference on Foreign Currency Loans | 1079.32 | 0.00 |
| Assets discarded | 11.94 | 4.90 |
| | <u>2193.49</u> | <u>1039.27</u> |

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

| | | |
|----------------------|---------------|-------------------|
| Closing Stock | 332.68 | 641.60 |
| Less : Opening Stock | 641.60 | 495.82 |
| | <u>308.92</u> | <u>(-) 145.78</u> |

SCHEDULE 'S' - INTEREST AND FINANCING CHARGES (NET)

| | | |
|--|----------------|----------------|
| Interest on | | |
| - Fixed Loans | 1930.43 | 844.14 |
| - Others | 678.49 | 414.25 |
| | <u>2608.92</u> | <u>1258.39</u> |
| Less : | | |
| - Interest received | 908.68 | 761.01 |
| (Tax deducted at source - Rs 183.19 lakhs) | | |
| (Previous year - Rs 101.00 lakhs) | | |
| | <u>1700.24</u> | <u>497.38</u> |

SCHEDULE 'T' – Notes forming part of the Balance Sheet as at 31st March 2009 and Profit and Loss Account for the year ended 31st March 2009

1 SIGNIFICANT ACCOUNTING POLICIES

a) General

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

b) Fixed Assets

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

c) Investments

Long term Investments are stated at cost.

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

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

d) Inventories

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.

Valuation of Stock-in-Trade is at cost or net realisable value whichever is less. Stock-in-Process is valued at cost. 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) 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.

h) Intangible Assets

(i) General

Intangible assets are stated at cost less accumulated amortisation.

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

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

(ii) Research and Development

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

i) Foreign Exchange Transactions

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

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

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

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

j) Employee Benefits

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

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

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

k) Depreciation

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

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

| | Current year | Upto 31 03 2009 |
|----------------|---------------|-----------------|
| | Rs lakhs | Rs lakhs |
| - Depreciation | 888.43 | 6651.62 |
| - Others | (-) 30.43 | 94.88 |
| - Total | 858.00 | 6746.50 |

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

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

SESHASAYEE PAPER AND BOARDS LIMITED

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

| | As at 31-3-2009 | | As at 31-3-2008 | |
|---|---|---|---|---|
| | Group Gratuity Scheme Rs lakhs | Retirement Benefit Scheme Rs lakhs | Group Gratuity Scheme Rs lakhs | Retirement Benefit Scheme Rs lakhs |
| (i) Changes in present value of obligations | | | | |
| Present Value of Obligations at the beginning of the year | 971.32 | 103.10 | 1272.19 | 104.42 |
| Interest Cost | 75.90 | 6.37 | 95.41 | 7.73 |
| Current Service Cost | 44.14 | 5.35 | 141.01 | 6.61 |
| Benefits paid | 195.96 | 24.19 | 137.83 | 15.61 |
| Actuarial (Gain) / Loss on obligations | 123.93 | 1.98 | (-) 399.46 | (-) 0.05 |
| Present Value of Obligations at the end of the year | 1019.33 | 92.61 | 971.32 | 103.10 |
| (ii) Changes in the Fair Value of Plan Assets | | | | |
| Fair Value of Plan Assets at the beginning of the year | 971.44 | 0.00 | 678.05 | 0.00 |
| Expected Return on Plan Assets | 78.87 | 0.00 | 56.59 | 0.00 |
| Contributions | 164.98 | 24.19 | 374.63 | 15.61 |
| Benefits paid | 195.96 | 24.19 | 137.83 | 15.61 |
| 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 | 1019.33 | 0.00 | 971.44 | 0.00 |
| (iii) Fair Value of Plan Assets | | | | |
| Fair Value of Plan Assets at the beginning of the year | 971.44 | 0.00 | 678.05 | 0.00 |
| Actual Return on Plan Assets | 78.87 | 0.00 | 56.59 | 0.00 |
| Contributions | 164.98 | 24.19 | 374.63 | 15.61 |
| Benefits paid | 195.96 | 24.19 | 137.83 | 15.61 |
| Fair Value of Plan Assets at the end of the year | 1019.33 | 0.00 | 971.44 | 0.00 |
| Funded Status | 0.00 | 0.00 | 0.12 | 0.00 |
| Excess of Actual over estimated return on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) Actuarial Gain / Loss recognised | | | | |
| Actuarial Gain / (Loss) for the year - Obligation | (-) 123.93 | (-) 1.98 | 399.46 | 0.05 |
| Actuarial Gain / (Loss) for the year - Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (Gain) / Loss for the year | 123.93 | 1.98 | (-) 399.46 | (-) 0.05 |
| Actuarial (Gain) / Loss recognised in the year | 123.93 | 1.98 | (-) 399.46 | (-) 0.05 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2009 | | As at 31-3-2008 | |
|---|-----------------------------|---------------------------------|-----------------------------|---------------------------------|
| | Group Gratuity Scheme | Retirement Benefit Scheme | Group Gratuity Scheme | Retirement Benefit Scheme |
| | Rs lakhs | Rs lakhs | Rs lakhs | Rs lakhs |
| (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 | 1019.33 | 92.61 | 971.32 | 103.10 |
| Fair Value of Plan Assets at the end of the year | 1019.33 | 0.00 | 971.44 | 0.00 |
| Funded Status | 0.00 | 0.00 | 0.12 | 0.00 |
| Net Asset / (Liability) recognised in Balance Sheet | 0.00 | (-) 92.61 | 0.12 | (-) 103.10 |
| (vi) Expenses recognised in the statement of Profit and Loss | | | | |
| Current Service Cost | 44.14 | 5.35 | 141.01 | 6.61 |
| Interest Cost | 75.90 | 6.37 | 95.41 | 7.73 |
| Expected Return on Plan Assets | 78.87 | 0.00 | 56.59 | 0.00 |
| Net Actuarial (Gain) / Loss recognised in the year | 123.93 | 1.98 | (-) 399.46 | (-) 0.05 |
| Expenses recognised in the statement of Profit and Loss | 165.10 | 13.70 | 365.80 | 118.47 |
| (vii) Actuarial Assumptions | | | | |
| Discount Rate | 8.00% | 7.00% | 8.00% | 8.00% |
| Expected return on Plan Assets | 9.30% | Not applicable | 9.30% | Not applicable |
| Salary increase | 3.00% | Not applicable | 3.00% | Not applicable |
| | | 31-3-2009 | | 31-3-2008 |
| | | Rs lakhs | | Rs lakhs |
| 6 Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of advances). | | 239.44 | | 745.79 |
| 7 Claims against the Company not acknowledged as debts. | | 399.70 | | 237.97 |
| 8 Contingent liabilities on account of Guarantees given by Banks on behalf of the Company. | | 45.77 | | 42.27 |
| 9 In the absence of information from the suppliers with regard to their registration with the specified authority, despite the Company calling for such information, the Company is unable to furnish the information, as required under The Companies Act, 1956 and the Micro, Small and Medium Enterprises Development Act, 2006. | | | | |
| 10 Exchange difference arising on foreign currency transactions credited / (debited) to respective revenue accounts. | | (-) 2660.27 | | 624.73 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | 31-3-2009 | | 31-3-2008 | |
|---|-----------|----------|-----------|----------|
| | Rs lakhs | Rs lakhs | Rs lakhs | Rs lakhs |
| 11 The following expenditure incurred on Research and Development has been included under the respective heads : | | | | |
| (a) Salaries, Wages and Bonus | | 13.66 | | 13.67 |
| (b) Contribution to Provident and other Funds | | 2.27 | | 3.70 |
| (c) Welfare expenses | | 0.67 | | 0.73 |
| (d) Miscellaneous expenses | | 6.39 | | 2.62 |
| 12 Auditors' Remuneration : | | | | |
| (i) Audit | | 6.00 | | 6.00 |
| Taxation matters | | 0.70 | | 0.65 |
| Certification | | 2.02 | | 1.59 |
| Expenses | | 0.05 | | 0.03 |
| (ii) Cost Audit | | 0.60 | | 0.50 |
| Expenses | | 0.10 | | 0.17 |
| | | 9.47 | | 8.94 |
| 13 (a) Managerial remuneration under Section 198 of the Companies Act, 1956 : | | | | |
| (i) Directors' sitting fees (no sitting fee was paid to Whole-time Directors, including Chairman and Managing Director) | | 3.00 | | 2.35 |
| (ii) Commission to Non Whole-time Directors (included in Schedule 'Q') | | 5.92 | | 5.42 |
| (iii) Remuneration to Whole-time Directors, including Chairman and Managing Director (included in Schedule 'O') | | | | |
| Salary | | 42.00 | | 32.40 |
| Commission | | 42.00 | | 32.40 |
| Contribution to : | | | | |
| (i) Provident Fund | | 5.04 | | 3.89 |
| (ii) Superannuation Fund | | 6.30 | | 4.86 |
| (iii) Gratuity Fund | | 4.39 | | 7.63 |
| Other Perquisites | | 3.21 | | 2.08 |
| | | 102.94 | | 83.26 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | 31-3-2009 | | 31-3-2008 | |
|---|-----------|-----------------|-----------|-----------------|
| | Rs lakhs | Rs lakhs | Rs lakhs | Rs lakhs |
| (b) Computation of net profit in accordance with Sections 198 and 309 of the Companies Act, 1956, and the Commission payable to Directors | | | | |
| Net Profit before taxation | | 2390.73 | | 6051.03 |
| Add : Remuneration to Whole-time Directors | 102.94 | | 83.26 | |
| Commission to Non Whole-time Directors | 5.92 | | 5.42 | |
| Directors' Sitting Fees | 3.00 | | 2.35 | |
| | | <u>111.86</u> | | <u>91.03</u> |
| | | <u>2502.59</u> | | <u>6142.06</u> |
| Ten percent of the Net Profit | | 250.26 | | 614.21 |
| - Commission to Whole-time Directors | | 42.00 | | 32.40 |
| One percent of the Net Profit | | 25.03 | | 61.42 |
| - Commission to Non Whole-time Directors | | 5.92 | | 5.42 |
| 14 Information required by Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 : | | | | |
| | | tonnes | | tonnes |
| (a) Capacity and Production : | | | | |
| Paper and Paper Boards : | | | | |
| Licensed capacity (Paper industry is exempt from Industrial Licensing). | | | | |
| Installed capacity | | 115000 | | 115000 |
| (60000 tonnes at an average basis weight of 150 gsm and 55000 tonnes at an average basis weight of 60 gsm). | | | | |
| Actual Production | | 119779 | | 124312 |
| | Quantity | Value | Quantity | Value |
| | tonnes | Rs lakhs | tonnes | Rs lakhs |
| (b) Turnover : | | | | |
| Paper and Paper Boards : | 119152 | 54919.75 | 123700 | 53789.06 |
| (value includes Duty Entitlements on exports) | | | | |
| [Excludes 627 tonnes used for manufacture of cores, notebooks, trade samples, labels, stationery, etc., and used as wrapper (Previous year 612 tonnes)] | | | | |
| Others | | <u>1196.19</u> | | <u>933.95</u> |
| | | <u>56115.94</u> | | <u>54723.01</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

| | 31-3-2009 | | 31-3-2008 | |
|--|--------------------|-------------------|--------------------|-------------------|
| | Quantity tonnes | Value Rs lakhs | Quantity tonnes | Value Rs lakhs |
| (c) Opening and closing stock of goods : | | | | |
| Opening Stock | | | | |
| Paper and Paper Boards | 0 | 0.00 | 0 | 0.00 |
| Closing Stock | | | | |
| Paper and Paper Boards | 0 | 0.00 | 0 | 0.00 |
| (d) Raw materials consumed : | | | | |
| Wood (BD) | 163205 | 7892.02 | 122366 | 5475.98 |
| Bagasse (BD) | 63065 | 1593.11 | 65882 | 1352.70 |
| Purchased Pulp | 18004 | 7322.80 | 37752 | 10847.66 |
| Waste paper cuttings | 112 | 21.85 | 450 | 86.80 |
| | | <u>16829.78</u> | | <u>17763.14</u> |
| | Rs lakhs | % | Rs lakhs | % |
| (e) Value of imported / indigenous Raw Material / Stores, Spares and Chemicals consumed : | | | | |
| Raw Materials : | | | | |
| Imported | 7322.80 | 43.51 | 10790.53 | 60.75 |
| Indigenous | 9506.98 | 56.49 | 6972.61 | 39.25 |
| Total | <u>16829.78</u> | <u>100.00</u> | <u>17763.14</u> | <u>100.00</u> |
| Stores, Spares and Chemicals : | | | | |
| Imported | 6596.68 | 39.93 | 4371.18 | 35.45 |
| Indigenous | 9924.67 | 60.07 | 7960.45 | 64.55 |
| Total | <u>16521.35</u> | <u>100.00</u> | <u>12331.63</u> | <u>100.00</u> |
| [includes consumption of coal and other fuels Rs 8063.53 lakhs under Power and Fuel (previous year Rs 4769.15 lakhs), consumption of spares Rs 910.12 lakhs, under Repairs and Maintenance (Previous year Rs 1108.94 lakhs) and excluding traded goods Rs 1121.15 lakhs (Previous year Rs 891.94 lakhs)] | | | | |

SESHASAYEE PAPER AND BOARDS LIMITED

| | 31-3-2009 Rs lakhs | 31-3-2008 Rs lakhs |
|--|-----------------------|-----------------------|
| (f) Value of imports calculated on CIF basis : | | |
| Raw materials | 4723.40 | 10960.64 |
| Stores, Spares and Chemicals | 7399.86 | 3855.40 |
| Capital Goods | 301.31 | 1483.23 |
| (g) Expenditure in foreign currencies : | | |
| Travel | 0.99 | 2.31 |
| Export Commission | 51.85 | 62.05 |
| Others | 26.27 | 40.80 |
| (h) Amounts remitted in foreign currencies : | | |
| Dividends | 61.91 | 54.17 |
| No. of Non-resident shareholders | 1 | 1 |
| No. of shares held | 1547695 | 1547695 |
| (i) Earnings in foreign exchange : | | |
| Export of goods on FOB basis | 2450.14 | 3202.96 |
| Others | 0.00 | 0.00 |

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

(i) Name of the transacting Related Parties :

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

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

Presumption of significant influence.

SESHASAYEE PAPER AND BOARDS LIMITED

(iii) Transaction details :

| Sl No. | Name of the related party | Description of transactions and amount during the year | | Amount outstanding on 31-3-2009 |
|--------|---|--|---|---|
| | | | Rs lakhs | |
| 1 | Ponni Sugars (Erode) Limited | Purchase of Bagasse Sale of fuel Sale of machinery spares Sale of Paper Dividend paid Dividend received Other transactions (Net Debit) | 1403.73 1049.44 15.09 1.38 48.00 8.31 19.38 | Assets : Investments in : 17.85 lakhs Equity Shares (20.77%) Liabilities : 12 lakhs Equity Shares (10.67%) Payables : Rs 170.76 lakhs |
| 2 | High Energy Batteries (India) Limited | Inter Corporate Loan (ICL) Sale of paper Dividend paid Dividend received Interest received on ICL Other transactions (Net Debit) | 100.00 0.21 0.41 2.07 12.00 1.90 | Assets : Investments in : 0.83 lakhs Equity Shares (9.25%) Receivables : Rs 101.10 lakhs Liabilities : 0.10 lakhs Equity Shares (0.09%) |
| 3 | SPB Projects and Consultancy Limited | Fees for engineering services Reimbursement of expenses Dividend received | 41.25 1.31 2.50 | Assets : Investments in : 0.50 lakhs Equity Shares (16.67%) |
| 4 | Time Square Investments Private Limited | Dividend paid | 46.89 | Liabilities : 11.72 lakhs Equity Shares (10.42%) |

SESHASAYEE PAPER AND BOARDS LIMITED

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

| | Sri N Gopalaratnam | Sri K S Kasi Viswanathan | Sri V Pichai |
|--------------------------|--------------------|-----------------------------|--------------|
| | Rs lakhs | | |
| Salary | 18.00 | 12.00 | 12.00 |
| Commission | 18.00 | 12.00 | 12.00 |
| Contribution to : | | | |
| (i) Provident Fund | 2.16 | 1.44 | 1.44 |
| (ii) Superannuation Fund | 2.70 | 1.80 | 1.80 |
| (iii) Gratuity Fund | 1.88 | 1.26 | 1.25 |
| Other Perquisites | 0.05 | 1.53 | 1.63 |
| | 42.79 | 30.03 | 30.12 |

SESHASAYEE PAPER AND BOARDS LIMITED

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration details

Registration No.

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

 of 1960 State Code

| | |
|---|---|
| 1 | 8 |
|---|---|

Balance Sheet date

| | |
|---|---|
| 3 | 1 |
|---|---|

| | |
|---|---|
| 0 | 3 |
|---|---|

| | | | |
|---|---|---|---|
| 2 | 0 | 0 | 9 |
|---|---|---|---|

Date Month Year

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

Public issue

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

Rights issue

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

Bonus issue

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

Private placement

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

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

Total liabilities

| | | | | | | | | |
|--|--|---|---|---|---|---|---|---|
| | | 7 | 4 | 8 | 6 | 0 | 4 | 9 |
|--|--|---|---|---|---|---|---|---|

Total assets

| | | | | | | | | |
|--|--|---|---|---|---|---|---|---|
| | | 7 | 4 | 8 | 6 | 0 | 4 | 9 |
|--|--|---|---|---|---|---|---|---|

Sources of Funds :

Paid up Capital

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

Reserves and Surplus

| | | | | | | | | |
|--|--|---|---|---|---|---|---|---|
| | | 1 | 8 | 1 | 2 | 7 | 9 | 5 |
|--|--|---|---|---|---|---|---|---|

Deferred Tax

| | | | | | | | |
|--|--|---|---|---|---|---|---|
| | | 6 | 7 | 4 | 6 | 5 | 0 |
|--|--|---|---|---|---|---|---|

Secured loans

| | | | | | | | | |
|--|--|---|---|---|---|---|---|---|
| | | 3 | 3 | 6 | 9 | 7 | 7 | 1 |
|--|--|---|---|---|---|---|---|---|

Unsecured loans

| | | | | | | | |
|--|--|---|---|---|---|---|---|
| | | 3 | 3 | 4 | 4 | 5 | 2 |
|--|--|---|---|---|---|---|---|

Current Liabilities and Provisions

| | | | | | | | | |
|--|--|---|---|---|---|---|---|---|
| | | 1 | 1 | 8 | 1 | 8 | 8 | 1 |
|--|--|---|---|---|---|---|---|---|

Application of Funds :

Net fixed assets

| | | | | | | | | |
|--|--|---|---|---|---|---|---|---|
| | | 5 | 2 | 7 | 9 | 5 | 4 | 7 |
|--|--|---|---|---|---|---|---|---|

Investments

| | | | | | | | | |
|--|--|--|--|---|---|---|---|---|
| | | | | 8 | 1 | 9 | 0 | 5 |
|--|--|--|--|---|---|---|---|---|

Current Assets

| | | | | | | | | |
|--|--|---|---|---|---|---|---|---|
| | | 2 | 1 | 2 | 4 | 5 | 9 | 7 |
|--|--|---|---|---|---|---|---|---|

Misc. expenditure

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

Accumulated losses

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

SESHASAYEE PAPER AND BOARDS LIMITED

IV Performance of Company (amount in Rs thousands)

| | | | | | | | | | | | | | | | | | | | |
|---|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Turnover | Total expenditure | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">6</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr> </table> | | | 5 | 6 | 1 | 9 | 9 | 1 | 5 | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">2</td></tr> </table> | | | 5 | 3 | 8 | 0 | 8 | 4 | 2 |
| | | 5 | 6 | 1 | 9 | 9 | 1 | 5 | | | | | | | | | | | |
| | | 5 | 3 | 8 | 0 | 8 | 4 | 2 | | | | | | | | | | | |
| Profit / Loss before tax | Profit / Loss after tax | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px; text-align: center;">+</td><td style="width: 20px; height: 20px; text-align: center;">-</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">9</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">3</td></tr> </table> | + | - | | 2 | 3 | 9 | 0 | 7 | 3 | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px; text-align: center;">+</td><td style="width: 20px; height: 20px; text-align: center;">-</td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">5</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">7</td><td style="width: 20px; height: 20px; text-align: center;">3</td></tr> </table> | + | - | | 1 | 5 | 0 | 2 | 7 | 3 |
| + | - | | 2 | 3 | 9 | 0 | 7 | 3 | | | | | | | | | | | |
| + | - | | 1 | 5 | 0 | 2 | 7 | 3 | | | | | | | | | | | |
| Earnings per share in Rs | Dividend rate% | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px; text-align: center;">1</td><td style="width: 20px; height: 20px; text-align: center;">3</td></tr> </table> | | | | | | | 1 | 3 | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px; text-align: center;">3</td><td style="width: 20px; height: 20px; text-align: center;">5</td></tr> </table> | 3 | 5 | | | | | | | | |
| | | | | | | 1 | 3 | | | | | | | | | | | | |
| 3 | 5 | | | | | | | | | | | | | | | | | | |

V Generic names of three principal products / services of Company

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

SESHASAYEE PAPER AND BOARDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

| | Year ended 31-3-2009 | | Year ended 31-3-2008 | |
|--|-------------------------|------------------|-------------------------|-------------------|
| | Rs lakhs | Rs lakhs | Rs lakhs | Rs lakhs |
| A CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before taxation | | 2390.73 | | 6051.03 |
| Adjustments for : | | | | |
| <i>Add :</i> | | | | |
| Assets discarded | 11.94 | | 4.90 | |
| Depreciation | 2628.86 | | 1741.54 | |
| Interest and financing charges | 1750.99 | | 589.74 | |
| | | <u>4391.79</u> | | <u>2336.18</u> |
| | | 6782.52 | | 8387.21 |
| <i>Less :</i> | | | | |
| Income from Non-Trade Investments | 13.31 | | 18.97 | |
| Profit / Loss on sale of assets | 0.34 | | 0.71 | |
| Effect of changes in Foreign Currency Exchange Rate | - 2660.27 | | 624.73 | |
| | | <u>- 2646.62</u> | | <u>644.41</u> |
| Operating profit before working capital changes | | 9429.14 | | 7742.80 |
| | | | | |
| Increase / Decrease in working capital : | | | | |
| Increase / Decrease in Inventories | 207.56 | | -1555.05 | |
| Increase / Decrease in Sundry Debtors | 101.44 | | 95.39 | |
| Increase / Decrease in Other Current Assets | 480.44 | | - 379.39 | |
| Increase / Decrease in Liabilities and Provisions | - 6291.73 | | 3045.08 | |
| | | <u>- 5502.29</u> | | <u>1206.03</u> |
| Net cash from operating activities | | <u>3926.85</u> | | <u>8948.83</u> |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of fixed assets | | - 3941.71 | | - 15417.89 |
| Value of discarded assets | | - 11.94 | | - 4.90 |
| Sale / reduction in value of fixed assets | | 13.80 | | 8.45 |
| Income from Non Trade Investments | | 13.31 | | 18.97 |
| Purchase of Investments | | 0.00 | | - 1.20 |
| | | <u>- 3926.54</u> | | <u>- 15396.57</u> |
| Net cash used in investing activities | | | | |

SESHASAYEE PAPER AND BOARDS LIMITED

| | Year ended 31-3-2009 Rs lakhs | Year ended 31-3-2008 Rs lakhs |
|--|--|--|
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase in Unsecured Loan | 378.55 | 375.53 |
| Increase in Term Loans | 3000.00 | 12000.02 |
| Repayment of Term Loans | - 3920.70 | - 2230.00 |
| Increase / Decrease in Working Capital Borrowings | 3492.75 | - 447.99 |
| Subsidy for Mega Projects received | 0.00 | 50.00 |
| Dividend and Dividend tax paid | - 526.48 | - 460.67 |
| Effect of changes in foreign currency exchange rates | - 1079.32 | 81.50 |
| Interest and Financing charges paid * | - 2949.81 | - 2085.19 |
| Net cash from financing activities | - 1605.01 | <u>7283.20</u> |
| * Inclusive of interest capitalised Rs 1042.97 lakhs (Previous year Rs 1518.61 lakhs) | | |
| Net Increase in cash and cash equivalents (I) | - 1604.70 | 835.46 |
| Cash and cash equivalents as at 31-3-2008 (II) (Opening Balance) | 8045.64 | 7210.18 |
| Cash and cash equivalents as at 31-3-2009 (Closing Balance) (I) + (II) | 6440.94 | 8045.64 |

Notes :

- 1 Cash and cash equivalents represent cash in hand and cash with Scheduled Banks.
- 2 Cash from operating activities has been prepared following the indirect method.
- 3 Tax payments (including tax deducted at source) of Rs 417.56 lakhs (Previous year - Rs 771.00 lakhs) are included in operating activities.
- 4 Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to Rs 6.73 lakhs (Debit) (Previous year - Rs 14.42 lakhs - Credit).
- 5 Figures for the previous year have been re-grouped wherever necessary.

| | | | | |
|--|--|---|--|--|
| Vide our report of date attached For Messrs S VISWANATHAN Chella K Srinivasan Membership No.23305 Partner Chennai June 05, 2009 Chartered Accountants | | For SURI & CO., S Ganesan Membership No.18525 Partner Chartered Accountants | N GOPALARATNAM Chairman and Managing Director V PICHAI Director (Finance) & Secretary | ARUN G BIJUR R V GUPTA V SRIDAR Directors K S KASI VISWANATHAN Deputy Managing Director |
|--|--|---|--|--|