

Seshasayee Paper and Boards Limited



Fifty Fifth Annual Report

2014-15

SESHASAYEE PAPER AND BOARDS LIMITED

DIRECTORS

Sri N GOPALARATNAM, *Chairman*

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

Sri HANS RAJ VERMA, I A S, *Nominee of
Government of Tamilnadu*

Dr NANDITHA KRISHNA

Dr S NARAYAN, I A S (Retd.)

Sri A L SOMAYAJI

Sri V SRIDAR

Sri K S KASI VISWANATHAN, *Managing Director*

Sri V PICHAI, *Deputy Managing Director & Secretary*

AUDITORS

M/s SURI & CO., Chennai

Messrs S VISWANATHAN, Chennai

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

BANKS

SYNDICATE BANK

CANARA BANK

CENTRAL BANK OF INDIA

UCO BANK

REGD. OFFICE

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

CIN : L21012TZ1960 PLC 000364




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NOTICE

 Notice is hereby given that the Fifty Fifth Annual General Meeting of the Company will be held at “Community Centre”, SPB Colony, Erode 638 010 on Saturday, the 1st August 2015, at 11.00 AM to transact the following business :

ORDINARY BUSINESS

1 Adoption of Accounts, etc.,

To consider and adopt the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2 Declaration of Dividend

To declare dividend on Equity Shares.

3 Re-appointment of retiring Director

To appoint a director in the place of Sri V Pichai (DIN : 00263934), who retires by rotation and being eligible, offers himself for reappointment.

4 Ratification of Auditors' appointment

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

“RESOLVED that pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the Company do hereby ratify the appointment of Auditors made by the Shareholders at the 54th Annual General Meeting as under:

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

hold office till the conclusion of 57th Annual General Meeting.

- (ii) M/s Maharaj N R Suresh and Co., (Firm Registration No.001931S), Chartered Accountants, Chennai, to hold office till the conclusion of 58th Annual General Meeting.

- (iii) The Board of Directors be and are hereby authorised to fix their remuneration on the recommendation of the Audit Committee each year.”

SPECIAL BUSINESS

5 Appointment of Director

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

“RESOLVED THAT Sri Hans Raj Verma, I A S, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6 Remuneration to Cost Auditor

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

“RESOLVED THAT the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder the remuneration approved by the Board of Directors on the recommendations of the Audit Committee for M/s S Mahadevan & Co., Cost Accountants (Firm Registration No. 000007), for conducting the audit of cost records of the Company, including its Unit : Tirunelveli, for the

financial year 2015-16 at ₹ 1 50 000 (Rupees One Lakh Fifty Thousand only) plus reimbursement of Service Tax, travel and other out of pocket expenses actually incurred for the purpose of such audit.”

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

(V PICHAI)
Deputy Managing Director & Secretary

Chennai
May 30, 2015

Notes :

1 Proxy

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.

A person can act as a Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other person.

2 Deposit of proxy

Proxies in order to be effective, must be received at the registered office of the Company not later than 48 hours before the meeting.

3 Particulars of Directors

Particulars of Directors seeking appointment / re-appointment, pursuant to Clause 49 of the Listing Agreement, is given in Appendix A.

4 Book Closure

The Register of Members and the Share Transfer Register will remain closed from Thursday, the July 23, 2015 to Saturday, the August 01, 2015 (both days inclusive).

5 Dividend

Dividend on Declaration will be paid on 3rd August 2015.

Members are advised to refer to 'Shareholder Information' section of the Corporate Governance Report (Page 38 of the Annual Report) for details on dividend entitlement and payment options.

6 Unpaid Dividend

Unpaid dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Members may refer to Page 41 of the Annual Report and lodge their claim, if any, immediately.

7 E-Communication

Members are requested to opt for electronic mode of communication and support the Green Initiatives of Government.

8 Member identification

Members are requested to bring the attendance slips duly filled and copy of the Annual Report to the meeting.

9 Voting facilities

(a) Remote e-Voting

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules 2014 as amended, the Company provides facility for its Members to exercise their voting right by electronic means.

(b) Voting through Postal Ballot

Pursuant to Clause 35B(ii) of the Listing Agreement, to enable those Shareholders who do not have access to e-voting facility, the Company provides voting through postal ballot.

(c) Voting at AGM

The Company also offers the facility for voting through polling paper at the meeting.

(d) Voting option

Please note that a Shareholder can vote under only any one of the three options mentioned above.

(e) Voting instructions

Process and manner of voting containing detailed instructions is given in Appendix B.

STATEMENT

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

Item No. 5

Appointment of Sri Hans Raj Verma, I A S, as a Director of the Company

Consequent to nomination by the Government of Tamilnadu, Sri Hans Raj Verma, IAS, was appointed as an Additional Director by the Board of Directors, at the meeting held on July 25, 2014, in the vacancy caused by the relinquishment of office by Sri Mohan Verghese Chunkath, IAS, who was earlier appointed in the casual vacancy caused by the withdrawal of nomination of Sri C V Sankar, IAS.

He retires at this meeting, under Section 161 of the Companies Act, 2013, read with Article 96 of the Articles of Association of the Company. Notice, along with requisite deposit, as required under Section 160 of the Companies Act, 2013, has been received by the Company from a Member proposing the appointment of Sri Hans Raj Verma, IAS, as a Director of the Company.

Sri Hans Raj Verma, IAS, has filed with the Company his consent under Section 152 of the Companies Act, 2013, to act as a Director, if appointed.

This may be treated as notice under Section 160 of the Companies Act, 2013.

Sri Hans Raj Verma, IAS, is concerned and interested in his appointment and none of the other Directors is concerned or interested in the said appointment.

Item No. 6

Remuneration to Cost Auditor

The Company is engaged in the manufacture of paper and paper boards at its units at Erode and Tirunelveli. It has been maintaining cost accounting records and getting them audited under the provisions of the Companies Act, 1956.

Cost Auditor for this purpose was appointed with the approval of Central Government.

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

Pursuant to the above, the Board of Directors have appointed M/s S Mahadevan & Co., Cost Accountants (Firm Registration No. 000007) for the audit of cost records of the Company for the financial year 2015-16 and determined the remuneration at ₹ 1 50 000 (Rupees One Lakh Fifty Thousand only) in addition to Service Tax, reimbursement of actual expenses incurred in connection with the Audit, based on the recommendations of the Audit Committee. It is now placed for the approval of the Members in accordance with Section 148(3) of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

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

No Director, Key Managerial Personnel or relative of them is concerned or interested, financially or otherwise, in this business.

(By Order of the Board)

For Seshasayee Paper and Boards Limited

(V PICHAI)

Deputy Managing Director & Secretary

Chennai

May 30, 2015

Appointement / Re-appointment of Directors :

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

SRI V PICHAJ :

| | | |
|---|---|---|
| Date of birth and age | : | 12 09 1947 (67 years) |
| Date of appointment | : | January 29, 2005 |
| Qualification | : | B.Com., ACA, ACS, CAIIB |
| DIN | : | 00263934 |
| Expertise in specific functional areas | : | He is a Chartered Accountant and a Company Secretary. His qualifications are B.Com., ACA, ACS and CAIIB. He has to his credit more than four decades of experience. After a short stint of 7 years in a nationalised Bank, he joined the Company in 1980. He has completed more than three decades of service in the Company. He has managed admirably various functional areas of the Company, viz., Accounts, Finance, Legal, Taxation, Secretarial, etc. He is in charge of the Finance, Accounts, Taxation, Legal and Secretarial functions of the Company. He reports to the Chairman and Managing Director. |
| Number of shares held in the Equity Capital of the Company | : | 8539 |
| Relationship with other Directors | : | He is not related to any other Director. |
| Directorship in other companies | : | Dhanashree Investments Private Limited Ultra Investments and Leasing Company Private Limited Time Square Investments Private Limited |
| Committee / executive positions held in other companies | : | Nil |

SRI HANS RAJ VERMA, I A S :

| | | |
|--|---|--|
| Date of Birth & Age | : | 30 05 1964 (51 years) |
| Date of Appointment | : | 25 07 2014 |
| Qualification | : | IAS |
| DIN | : | 00130877 |
| Expertise in specific functional areas | : | Principal Secretary to Government, Environment and Forests Department, Government of Tamil Nadu |
| No. 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 | : | Tamil Nadu Tea Plantation Corporation Limited Arasu Rubber Corporation Limited Tamil Nadu Forest Plantation Corporation Limited Tamil Nadu Tourism Development Corporation Limited Tamil Nadu Water Investment Company Limited Adyar Poonga Company |
| Committee position held in other Companies | : | Nil |

Voting Process and Instructions

(A) Remote e-Voting (Voting through electronic means) :

I In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreements, the Company is pleased to provide members facility to exercise their right to vote at the 55th Annual General Meeting (AGM) by electronic means. The facility of casting votes by a Member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by National Securities Depository Limited (NSDL) and the items of business as detailed in this Notice may be transacted through remote e-voting.

II A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date of July 25, 2015 only shall be entitled to avail the facility of Remote e-Voting.

III The Members who have cast their votes through Remote e-Voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.

The instructions for Remote e-Voting are as under:

(i) Members whose shareholding is in the dematerialised form and whose e-mail addresses are registered with the Company/Depository Participant(s) will receive an e-mail from NSDL informing the User-ID and Password.

1 Open the e-mail and open PDF file, viz.; "SPB e-voting.pdf" with your Client ID or Folio No. as Password. The said PDF file contains your User ID and Password for remote e-voting. Please note that the Password is an initial Password.

2 Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>

3 Click on Shareholder - Login.

4 Put User ID and Password as initial Password noted in step (i) above. Click Login.

5 Password change menu appears. Change the Password with new Password of your choice with minimum 8 digits/characters or combination thereof. Note new Password. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.

6 Home page of Remote e-Voting opens. Click on Remote e-Voting: Active Voting Cycles.

7 Select "REVEN" (Remote E Voting Event Number) of Seshasayee Paper and Boards Limited.

8 Now you are ready for Remote e-Voting as Cast Vote page opens.

9 Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

10 Upon confirmation, the message "Vote cast successfully" will be displayed.

11 Once you have voted on the Resolution, you will not be allowed to modify your vote.

12 Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly

authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail to bksundaram@gmail.com with a copy marked to evoting@nsdl.co.in

- (ii) For Members holding shares in dematerialised form whose e-mail IDs are not registered with the Company/ Depository Participants, Members holding shares in physical form, as well as those Members who have requested for a physical copy of the Notice and Annual Report, the following instructions may be noted:

- 1 Initial Password is provided as below/at the bottom of the Attendance Slip for the AGM:

| REVEN (Remote E-Voting Event Number) | USER ID | PASSWORD |
|--|---------|----------|
| | | |

- 2 Please follow all steps from SI No. 1 to 10 of (i) above, to cast vote.

- IV In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and Remote e-Voting User Manual for Members available at the downloads section of www.evoting.nsdl.com or call on Toll-free No. 1800-222-990.
- V Login to the Remote e-Voting website will be disabled upon five unsuccessful attempts to key in the correct Password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the Password.
- VI If you are already registered with NSDL for Remote e-Voting, then you can use your existing User ID and Password for casting your vote.
- VII You can also update your mobile number and e-mail ID in the user profile details of the folio, which may be used for sending future communication(s).

- VIII The Remote e-voting period commences on July 29, 2015 (9:00 a.m.) and ends on July 31, 2015 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of July 25, 2015, may cast their vote electronically. The Remote e-Voting module shall be disabled by NSDL for voting thereafter.

- IX The voting rights of Members shall be in proportion to their share of the Paid-up Equity Share Capital of the Company as on the cut-off date of July 25, 2015.

(B) Voting by Postal Ballot

1. A Member desiring to exercise vote by postal ballot may complete the Postal Ballot Form (attached) and send it to the Company in the self-addressed envelope bearing the address of the Scrutiniser. Postage will be borne by the Company. However envelopes containing Postal Ballots, physically sent by any other mode at the expense of the member will also be accepted.
2. The Postal Ballot form should be completed and signed by the Member. In the case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.
3. Incomplete, incorrect or unsigned Postal Ballot Form will be rejected.
4. Duly completed Postal Ballot Form should reach the Company not later than 5 p.m. on July 24, 2015. Postal Ballot Form received after this date will be strictly treated invalid.
5. Members cannot appoint a proxy to exercise their voting powers through postal ballot.
6. Where the Postal Ballot Form has been signed by an authorised representative of a body corporate, a certified copy of the relevant authorisation should accompany the Postal Ballot Form.

7. In case the Postal Ballot Form is signed by a Power of Attorney (POA) holder, POA registration number should be mentioned.
8. A Member may request for a duplicate Postal Ballot Form, if required. However, the duly filled in duplicate Postal Ballot Form should reach the Scrutiniser not later than the date specified at item 4 above.
9. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope.

(C) Voting at AGM

1. The Company also offers the facility for voting through polling paper at the meeting. The Members as on the cut-off date attending the AGM are entitled to exercise their voting right at the meeting in case they have not already cast their vote by e-Voting / Postal Ballot.
2. Members who have cast their vote by e-Voting / Postal Ballot are also entitled to attend the AGM but they cannot cast their vote at the AGM.
3. The Chairman will fix the time for voting at the Meeting. Shareholders present in person or by proxy can vote at the Meeting.

(D) General Instructions

1. The cut-off date for the purpose of e-voting has been fixed as July 25, 2015. Members holding shares as on this cut off date should endeavour to cast their vote in any one of the three modes.
2. In case of persons who have acquired shares and become Members of the Company after the despatch of AGM Notice, the Company would be despatching the Notice and Annual Report to them as and when they become members. In addition, the Annual Report is available on the Company website. They may follow the same procedure for voting.
3. Voting rights of Shareholders shall be in proportion to their shareholding in the Company as on the cut-off date of July 25, 2015.

4. In case a shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode through remote e-voting, postal ballot or voting at the meeting will be considered in that seriatim.
5. Mr. B Kalyanasundaram, Practicing Company Secretary (Membership No. 672) has been appointed as the Scrutiniser.
6. The Scrutiniser will after the conclusion of voting at the AGM:
 - (i) First count the votes cast at the meeting thro polling paper.
 - (ii) Then unblock the votes cast through e-Voting
 - (iii) Thereafter count the votes cast through postal ballot.
 - (iv) All the above will be done in the presence of two witnesses not in the employment of the Company.
 - (v) Make a consolidated Scrutiniser's Report (integrating the votes cast at the meeting, through e-Voting and postal ballot) of the total votes cast in favour or against, if any, to the Chairman.
 - (vi) The Scrutiniser's Report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the Meeting.

7. Voting Results

- (i) The Chairman or a person authorised by him in writing shall declare the result of the voting based on the Scrutiniser's Report.
- (ii) The results declared along with the Scrutiniser's Report will be placed on the company's website www.spbltd.com and on the website of NSDL www.evoting.nsdl.com immediately after the result is declared and also communicated to NSE and BSE.
- (iii) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of AGM.

DIRECTORS' REPORT

7 The Directors hereby present their Fifty Fifth Annual Report and the Audited Accounts for the year ended 31st March 2015:

WORKING RESULTS

| | 2014-15 (in tonnes) | 2013-14 (in tonnes) |
|---|--------------------------------------|--------------------------------------|
| Production | 177904 | 178272 |
| Sales | 177150 | 177917 |
| | (₹ lakhs) | (₹ lakhs) |
| Revenue from Operations | | |
| Sales and Other Operating Income | 106820 | 106422 |
| Less: Excise Duty and Excise Cess | 5408 | 5337 |
| | 101412 | 101085 |
| Other Income | 584 | 528 |
| Total Revenue | 101996 | 101613 |
| Profit before interest, depreciation, exceptional item and tax | 9513 | 12892 |
| Finance Cost | 3721 | 3871 |
| Depreciation | 2929 | 4897 |
| Exceptional Item | 322 | - |
| Profit/(loss) before tax | 2541 | 4124 |
| Provision for current tax | 0 | 0 |
| Transfer to / (from) Deferred Tax | 806 | 1445 |
| Net Profit | 1735 | 2679 |

DIVIDEND

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

As per the provisions of the Income tax Act, 1961, no tax will be deducted at source on dividends distributed. However, the Company will bear the tax on the dividend distributed, amounting to ₹ 102 lakhs.

APPROPRIATIONS

Your Directors propose the following appropriations:

| | 2014-15 (₹ lakhs) |
|--|------------------------------------|
| Net profit for the year | 1735 |
| Add : | |
| Surplus brought forward from the previous year | 3075 |
| | 4810 |
| Less : | |
| Transfer to General Reserve | 1000 |
| MAT Credit of prior period availed | 241 |
| Proposed dividend and tax thereon | 607 |
| | 1848 |
| Balance carried forward | 2962 |

OPERATIONS PRODUCTION

During the year, the production at Unit : Erode was 1 18 378 tonnes, (1 18 197 tonnes in 2013-14). Production was constrained due to restrictions imposed on Grid Power drawal by the State Government especially when Annual Shuts were taken upon our Power Plants. Unit : Erode also produced 20 138 tonnes of Wet Lap Pulp during the year to meet, in part, the pulp requirements of Unit: Tirunelveli.

Unit: Tirunelveli produced 59 526 tonnes of paper (60 075 tonnes in 2013-14). Production was affected by frequent power outages in the Grid System as well as inadequate receipt of orders, following subdued market conditions.

Overall production of paper of the Company was 1 77 904 tonnes (1 78 272 tonnes in 2013-14), marginally lower than the previous year.

SALES

Sales in Unit: Erode during the year was 1 17 806 tonnes. While the entire paper produced was sold and **“Zero Stock”** achieved at the end of the year, 406 tonnes of Notebook and 174 tonnes of paper procured for Trading remained in stock as on March 31, 2015.

Unit: Tirunelveli sold 59 309 tonnes of paper, achieving **“Zero Stock”** at the end of the year. Only 211 tonnes of Notebook, produced during the year remained in stock as on March 31, 2015.

Overall sale of paper (including sales under Trading activity) during the year was 1 77 150 tonnes, compared to 1 77 917 tonnes sold during the previous year.

PROFITABILITY

The Revenue from Operations of the Company for the year was ₹ 1 01 996 lakhs, as against ₹ 1 01 613 lakhs, in the previous year,

The Profit before interest, depreciation, exceptional item and tax was ₹ 9 513 lakhs, for the Company as a whole, compared to ₹ 12 892 lakhs, in the previous year.

After absorbing interest and depreciation of ₹ 3 721 lakhs and ₹ 2 929 lakhs, respectively and charging of exceptional item of ₹ 322 lakhs, the Profit before tax was ₹ 2 541 lakhs, as compared to ₹ 4 124 lakhs, in the previous year.

Overall Profit before tax for the year registered a steep fall due to extremely unfavourable market conditions that prevailed throughout the year when cost increases could not be passed on to the customers and discounts had to be offered to push-up sales. Necessity to purchase expensive ‘market power’, to maintain production when the Captive Power Plant was taken ‘off stream’ for retrofit, also contributed to the erosion in profits.

The profitability could have suffered much more but for the new rates of depreciation that have come into force effective April 2014 under Schedule II to the Companies Act, 2013.

Consequently, the depreciation charge for the year was lower by ₹ 1 968 lakhs. Based on Schedule II to the Companies Act, 2013, useful life of assets have been revised with effect from April 01, 2014. The carrying amounts of assets whose remaining useful life is zero as on April 01, 2014, have been charged to Statement of Profit and Loss under Exceptional Items which amounted to ₹ 322 lakhs.

Due to substantial carried forward unabsorbed depreciation available on account of amalgamation of SPB Papers Limited, the Company was liable only to Minimum Alternate Tax (MAT). As the tax liability under the Regular Method is nil, the entire MAT is eligible to be carried forward as MAT Credit Entitlement for set off in future years. Consequently, the Current Tax liability for the year is Nil. Due to revision of income tax assessments of earlier years, there was a reversal of MAT Credit Entitlement of earlier years, amounting to ₹241 lakhs which has been adjusted against the Surplus in Statement of Profit and Loss under Reserves and Surplus.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of ₹ 806 lakhs has been transferred to Deferred Tax to the debit of the Statement of Profit and Loss, as against transfer of ₹ 1 445 lakhs in the previous year.

In the result, Profit after tax for the year was ₹ 1 735 lakhs, as compared to ₹ 2 679 lakhs, in the previous year.

FINANCE

Instalments of Term Loans and interest dues on Term Loans and Working Capital borrowings were paid on or before the respective due dates.

INTEREST FREE SALES TAX DEFERRAL LOAN

The Company repaid ₹ 680 lakhs during the year and the balance outstanding as on March 31, 2015 was ₹ 3 563 lakhs.

MARKET CONDITIONS

Paper Market conditions were at the lowest ebb throughout the year under review. Lack of demand growth arising out of weak economic conditions that prevailed during the year, unabsorbed excess capacity present in the paper industry, weak demand in overseas markets restricting the export potential and undue competition from imported grades of paper taking advantage of the “zero” import duty concession available under the Regional Free Trade Agreements vitiated the sentiments, offtake and prices of domestic products. Consequently inventories piled up forcing the manufacturers to drop prices, resulting in huge pressure on margins. Sentiments have not changed in April and May 2015 and the market is likely to remain weak and subdued for most part of the year.

EXPORT PERFORMANCE

The Unit : Erode exported 12 329 tonnes during the year, as compared to 13 388 tonnes, exported during 2013-14. The export proceeds amounted to US \$ 10 331 873. In Rupee terms, the value of exports amounted to ₹ 6 569 lakhs as compared to ₹ 7 046 lakhs, during the previous year.

Besides the above, the Unit : Erode also sold 609 tonnes, under deemed exports whose proceeds amounted to ₹ 343 lakhs.

The Unit : Tirunelveli exported 12 464 tonnes of Paper during the year, as against 10 404 tonnes, exported during the previous year. The export proceeds amounted to US\$ 9 834 277. In Rupee terms, the value of exports amounted to ₹ 6 222 lakhs, as against ₹ 5 184 lakhs in the previous year.

Besides the above, the Unit : Tirunelveli also sold 215 tonnes, under deemed exports whose proceeds amounted to ₹ 113 lakhs.

The total exports, including Deemed Exports, accounted for 14.40% of total Production for the year.

TREE FARMING ACTIVITY

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

Technical support for this initiative is provided by the Department of Tree Breeding of Forest College and Research Institute, Mettupalayam, attached to Tamilnadu Agricultural University, Coimbatore, through a Collaborative Research Project. Last year, farmers owning 19 098 acres were benefited by such support.

The Company's vision is to ensure that more trees are grown than what the Company needs for maintaining capacity pulp production, thus ensuring Greening of the State. Accordingly the company will continue to help farmers in planting at least 18000 - 20000 acres of land in the state, year after year. This massive tree farming initiative, is helping the Company to achieve 'Wood Positive' status.

ISO 9001 / ISO 14001 ACCREDITATION

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

OHSAS 18001 CERTIFICATION

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

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFICATION

The Company has been certified under three Standards of FSC, viz., FSC-STD-40-004, FSC-STD-40-005 v2-1 and FSC-STD-40-003 v1-0. By this, the Company assures its stakeholders that

the wood, wood fibre and pulp purchased by it are traceable to responsibly managed forests and that adequate document controls are in place to ensure identification and traceability throughout the Chain of Custody. This also means that the Company is capable of manufacturing and selling FSC Pure and FSC Mixed Products in the domestic and international markets.

AWARDS

Energy Conservation :

During the year, the Company won the following prestigious Energy Conservation Awards :

- ◊ National Energy Conservation Award 2014 in Pulp and Paper Sector - II Prize from Government of India (Ministry of Power);
- ◊ IPMA Energy Conservation Award for the year 2013-14.

EXPORT HOUSE STATUS

The Company is accredited with “Star Export House” Status, 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, 2015, 4 892 Members were holding their shares in demat form and 96 26 887 Equity Shares, representing 76.32% of the total Paid up Equity Share Capital of the Company, have been dematerialised.

SUBSIDIARY

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

MILL DEVELOPMENT / EXPANSION PLAN

The Company has since drawn up plans to undertake Mill Development Plan (II) for Unit: Erode comprising :

- Augmentation of paper production capacity from 1 15 000 tonnes to 1 65 000 tonnes per annum.
- Augmentation of wood pulp production from 1 15 000 tonnes to 1 45 000 tonnes per annum.
- Augmentation of Captive Power Plant capacity by 15 MW.
- Upgrading Waste Water Treatment facilities to comply with all relevant regulations.

The Company has since completed the preparation of Environmental Impact Assessment Report and the requisite Public Hearing was held. Company's application is now before the Expert Appraisal Committee of MOEF for award of Environment Clearance.

MDP II, estimated to cost ₹ 300 crores, will be undertaken in convenient phases.

Similarly, a Mill Expansion Plan has been drawn up for Unit: Tirunelveli at an estimated cost of ₹ 180 crores. The Product will consist of :

- Augmenting Paper production capacity from 72 000 tonnes to 1 10 000 tonnes per annum by various debottlenecking measures and upgradation of quality.
- Installation of a coal based 18 MW Captive Power Plant.

The Company has secured necessary Environment Clearance for undertaking this Project which is being implemented in convenient phases.

CURRENT YEAR (2015-16)

In Unit : Erode, the Production during April 2015, was 10 315 tonnes, as compared to 8 928 tonnes, produced during April 2014. In Unit : Tirunelveli, the Production was 5 004 tonnes in April 2015, as against 4 050 tonnes in April 2014. The overall Production for the Company, for the month of April 2015, was 15 319 tonnes. Total Revenue (net of Excise Duty and Cess), during April 2015, amounted to ₹ 6 054 lakhs, compared to ₹ 5 373 lakhs, during April 2014.

During April 2015, 943 tonnes of paper, valued at US\$ 717 927 (equivalent to ₹ 452 lakhs) were exported.

In addition, 31 tonnes, valued at ₹ 18 lakhs and 100 tonnes, valued at ₹ 51 lakhs, were exported under deemed exports and merchant exports, respectively.

Paper market continues to witness depressed conditions.

ENVIRONMENTAL PROTECTION

The Company continues to provide utmost attention to the conservation and improvement of the environment. In Unit : Erode, the Power Boilers and Recovery Boilers are equipped with Electro Static Precipitators, to arrest dust emissions. The Company has installed and operates an Anaerobic Lagoon, for high BOD liquid effluents and a Secondary Treatment System, for total Mill effluent. These facilities are operating efficiently, enabling the Company to comply with the pollution control norms, prescribed by the Pollution Control Authorities, on a sustained basis in both the units. The treated effluent water continues to be utilised for irrigating nearby sugarcane fields in Unit: Erode, while tree planting is undertaken at Unit: Tirunelveli. The implementation of the Mill Development Plan has enabled the Mill to enhance its environmental performance and compliance, thereby complying with the Charter on Corporate Responsibility for Environmental Protection (CREP) on a sustained basis.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Report on Management's Discussion and Analysis, as required under Clause 49(VIII)(D) of the Listing Agreement with Stock Exchanges covering industry structure and developments, opportunities and threats, outlook, discussion on financial performance,

etc., is contained in "Management Discussion and Analysis Report" that forms an integral part of this Report and annexed as Annexure - I.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, Corporate Governance Report, together with the Certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance is given in Annexure - II.

DISCLOSURE REQUIREMENTS UNDER SECTION 143(3) OF THE COMPANIES ACT, 2013

Section 143(3) of the Companies Act, 2013 requires the Board's Report to include several additional contents and disclosures compared to the earlier law. Most of them have accordingly been made in the Corporate Governance Report at the appropriate places that forms an integral part of this Report.

EXTRACT OF THE ANNUAL RETURN

The details forming part of the Extract of the Annual Return in Form MGT - 9, is given in Annexure - III.

DIRECTORS' RESPONSIBILITY STATEMENT

While preparing the annual accounts, the Company has adhered to the following:

- ◇ Applicable Accounting Standards, referred to in Section 129(1) of the Companies Act, 2013, have been followed.
- ◇ The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 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, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- ◇ The Directors have prepared the annual accounts on a “going concern” basis.
- ◇ The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- ◇ The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company did not give any Loan or Guarantee or provided any security or make investment covered under Section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

The Corporate Governance Report contains relevant details on the nature of Related Party Transactions (RPTs) and the policy formulated by the Board on Material RPTs. Particulars of Contracts or Arrangements with Related Parties referred to in Section 188(1) of the Companies Act, 2013 is furnished in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC - 2 as Annexure - IV.

MATERIAL CHANGES AND COMMITMENTS

There was no change in the nature of business of the Company during the year.

There are no material changes and commitments in the business operations of the Company since the close of the financial year on 31st March 2015 to the date of this Report.

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 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in Annexure - V.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 of the Companies Act, 2013 mandates every company having minimum threshold limit of net worth, turnover or net profit as prescribed to constitute a Corporate Social Responsibility Committee of the Board, formulation of a Corporate Social Responsibility Policy that shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 and duly approved by the Board, fix the amount of expenditure to be incurred on the activities and monitor the CSR Policy from time to time.

Accordingly, your Company has constituted a CSR Committee of the Board and formulated a CSR Policy. The CSR Report, forming part of this Report, is furnished in Annexure - VI.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished in Annexure - VII.

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.

INDUSTRIAL RELATIONS

Relations between the Management and Employees were cordial throughout the year

under review. Discussions with Labour Unions / Staff Association are in progress with regard to the long term agreement on wages / salary and other benefits in Unit: Erode. In Unit: Tirunelveli, a long term agreement has since been reached with the Union covering the wages / salary and other benefits.

DIRECTORS

During the year, the Government of Tamilnadu withdrew the nomination of Sri Mohan Verghese Chunkath, IAS, as its Nominee on the Board of our Company, who was earlier appointed in the casual vacancy caused by the withdrawal of nomination of Sri C V Sankar, IAS. As there was no casual vacancy, Sri Hans Raj Verma, 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.

Sri S K Prabakar, IAS, was appointed as the Nominee Director of Tamilnadu Industrial Investment Corporation Limited on 2nd February 2013. He could not attend any Board Meetings in the last 12 months and hence Sri S K Prabakar, IAS automatically ceased to be a Director on our Board with effect from 1st April 2015, as provided under Section 167(1)(b) of the Companies Act, 2013.

All the Independent Directors have given the declaration that they had met the criteria on independence, as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the Director being evaluated at the Board Meeting held on March 26, 2015. The Board, on the basis of such performance evaluation, determined to continue the term of appointment of all the Independent Directors who have been appointed by the Company at its

54th Annual General Meeting for a fixed tenure till March 31, 2019.

AUDITORS

M/s Suri & Co., and M/s S Viswanathan, Chartered Accountants, Chennai have been appointed as Statutory Auditors of the Company till the conclusion of the 57th Annual General Meeting and M/s Maharaj N R Suresh and Co., till the conclusion of the 58th Annual General Meeting, subject to ratification by Members at every Annual General Meeting. Accordingly, requisite Resolution for ratifying their appointment is proposed in the manner stated in the Notice for the 55th Annual General Meeting.

Particulars of Statutory Auditors, Internal Auditors and the Secretarial Auditors have been given in the Corporate Governance Report that forms an integral part of this Report. Secretarial Audit Report, as required by Section 204(1) of the Companies Act, 2013, is attached in Annexure - VIII.

ACKNOWLEDGEMENT

The Directors place on record their great appreciation of the cooperation extended by all Executives and Employees of the Company which helped to sustain the profitable operations of the Company in a difficult year. The Directors also express their sincere thanks to the Government of India, Government of Tamilnadu and Commercial Banks, for their understanding, guidance and assistance and Dealers, Customers and Suppliers, for their excellent support, at all times.

On behalf of the Board

N GOPALARATNAM
Chairman

Chennai
May 30, 2015

REPORT ON MANAGEMENT'S DISCUSSION AND ANALYSIS

(i) Industry Structure and Developments

Global :

Paper Industry, occupies a prestigious position, among the various manufacturing enterprises globally, in view of its significant contribution to the society. Role of paper in promotion of literacy, propagation of information and knowledge, packaging commodities and commercial items of value, makes it an indispensable product. Its hygiene products offer unique solutions to society's needs.

Despite predictions that the digital revolution would make paper obsolete, paper remains central to our lives. Paper is interwoven with human life in innumerable ways. Think of the hundreds of times, we touch paper, in a day. Paper is a bio-degradable product with a benign footprint at the end of its life cycle and this adds further strength to this product, promoting its growing usage.

Paper Industry is also a significant player in the World Economy. Its annual revenue exceeds US \$ 500 billions. World consumption of paper and paper boards grew from 169 million tonnes in 1981 to 253 million tones in 1993 and to 352 million tonnes in 2005. Current consumption is of the order of 400 million tonnes. Roughly half of this consumption is by North America and Europe. This has been declining since 2006 while steeply rising in China and other Asian Economies. About half of the paper produced each year is recycled. (200 million tonnes in 2012).

Demand, though flat, currently, due to subdued economic conditions globally is projected to grow by about 2% / 3% per annum. While mature markets, may see a declining market in printing and writing sector, positive growth in packaging and hygiene grades is forecast.

Emerging markets are expected to grow at a CAGR of 4-5%. India is expected to post strongest growth of 6% - 7% per annum in the

coming years. China and Russia are also expected to register significant growth rates.

The four key Paper and Board categories are: Newsprint, Coated/Uncoated Woodfree Papers, Tissue Papers and Papers and Boards for packaging applications. Growth rate will vary by grade. Tissue, container board and carton board are expected to witness higher growth rates.

As per European Environmental Paper Network (EEPN), Paper Industry should enable a clean, healthy just and sustainable future for all life on Earth. EEPN's vision encompasses 7 principles; namely: Reduce global paper consumption and promote fair access to paper, maximize recycled paper content, ensure social responsibility, source fibre responsibly, reduce green house gas emissions, ensure clean products and ensure transparency and integrity.

China is the largest producer and consumer of paper, producing and using more than 100 million tonnes of paper and board annually. It is the biggest importer of recovered paper and producer of recycled paper. The Chinese Environment Paper Network (CEPN) has flagged its major concerns like, Pollution of water from untreated mill effluent, unsustainable sourcing of fibre for Mills, imports of pulp from countries causing deforestation, insufficient levels of wastepaper recovery and wasteful use of paper.

The Asian Printing and Writing Paper Market experienced a disappointing year in 2013 as both demand and producers margins were weak due to gloomy global economies and overcapacity issues. Such trend persisted in 2014 as well.

The Global Pulp and Paper Industry has contracted in the mature markets primarily in the printing and writing sector due to transition to digital media and paperless communication across developed economies. However, manufacturing booms in many emerging markets have partially offset the decline by driving increased demand for paper in packaging applications. As a whole, the industry is expected to shift its focus towards packaging and sanitary

products. Growth in developing markets is expected to outpace revenue increases in USA and Europe. The theme of sustainability dominates any discussion on the future of Pulp and Paper Industry. Companies strive hard to sustain their green initiatives to reduce the carbon footprint across their businesses.

Domestic :

India's production in the year 2013-14 stood at 11.38 million tonnes while the installed capacity is about 12.75 million tonnes. This enabled India to maintain its position as the 11th largest producer of paper in the world. However, the Indian Paper Industry accounted for a meagre 3% of global paper demand. The per-capita consumption amounted to about 11 kgs which is significantly lower than the world average of around 58 kgs. India's per capita consumption is also lower than China's (65 kg), Indonesia's (22 kg), Malaysia's (25 kg), and of course USA's (312 kg) consumption levels. This indicates the ample scope available for expansion of the Indian Paper Industry.

While the market size and per capita consumption are relatively low, they have exhibited a rising trend over past several years, from 7.3 kg in 2008 to 11 kg in 2013. As per ICRA, the total paper consumption has grown at a CAGR of around 6% over last decade with none of the last ten years showing a decline in consumption demand. The long-term demand outlook for the Indian paper industry remains favorable driven by increasing literacy levels, growth in print media (particularly in the vernacular languages), higher government spending on education sector, changing urban lifestyles as well as economic growth. Given that these factors are likely to be sustained, the paper industry is likely to continue growing at a rate of 6-8% in the medium to long term although there may be aberrant years given the cyclical nature of the industry.

The Industry faced considerable challenges in 2014-15, resulting in building up of inventory and huge erosion in manufacturers' margins. Poor growth in demand, consequent on a sluggish economy, unabsorbed excess capacity

in the Industry, product substitution and competition from imports were largely responsible for the lacklustre performance of the Industry. However, the Industry is projected to grow to reach 22.00 million tonnes of production by 2024-25, driven by the emphasis on education and promotion of literacy by the Government and enhanced demand for packaging grades due to rising retail trade and e-commerce.

The industry, however, is highly fragmented. As per industry sources, there are more than 1000 paper mills in operation in the country. Development Council for Pulp Paper and Allied Industry of Government of India, however, reckons that 759 Mills are in operation producing nearly 11.38 million tonnes of paper, paper board and newsprint.

On the supply side, the industry saw significant capacity additions of 1.6 million tonnes during FY09-FY11 (~15% of domestic paper capacity in FY09) particularly in the PWP segment. The bunching of these capacities resulted in over-supply scenario during FY11 and FY12 as these incremental capacities could not be absorbed in the market. As a result, most players saw significant built-up of inventories as well as pricing pressures from FY12 onwards. But with steady growth in demand, the market has now started absorbing these incremental supplies.

According to Poyry, India will witness highest annual growth of about 6.5% per annum while China's growth is projected to be in the order of 5.25%. Japan in the near term, North America may witness marginal or negative growth. Amongst the various grades, Container Boards, Tissue Paper, followed by Carton Boards will witness higher rates of growth, while growth rate of Coated / Uncoated wood-free Paper is expected to be under 2%.

(ii) Opportunities and Threats

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

- ◇ its large and growing domestic paper market and potential for export.

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

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

- ◇ inadequate availability of virgin fibre resulting in high cost of raw materials, including wood, non-wood and waste paper.
- ◇ delay in creation of sustainable raw material base through industrial plantations
- ◇ 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.
- ◇ increasing competition from electronic media and digital communication alternatives.

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

International Competitiveness is the key issue that is confronting the Indian Paper Industry, today especially in the context of Government's resolve to bring down import tariff every year and RTAs/ FTAs proposed to be

entered into with ASEAN / SAARC countries, including China.

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

(iii) Segment-wise or Product-wise performance

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

(iv) Risks and Concerns

- ◇ While there has been some improvement in the availability of wood from within the State, unprecedented shortage of wood felt in the neighbouring State of Andhra Pradesh in 2013-14, which has been the primary sourcing point for the Andhra based mills and few upcountry Mills had forced these mills to turn to Tamil Nadu for meeting, at least a part, of their shortfall. This has seriously affected the availability and cost of wood for the Tamil Nadu based mills.
- ◇ With this mismatch of supply and demand, price of casuarina wood has skyrocketed by over 60% in the last 2 years, causing serious erosion in the profitability of operations. If this trend is to continue, the Company may have to resort to import of wood logs/chips at higher prices, to sustain production.
- ◇ The Company has taken steps to step-up production of clonal seedlings and bare-rooted seedlings by the Company's nursery as well as by the Company sponsored nurseries, to support planting of Casuarina and Eucalyptus in about 8000 ha by small and marginal farmers in Tamil Nadu.

- ◇ Continuous failure of monsoons resulting in scanty rainfall in the State of Tamil Nadu, has affected substantially planting of sugarcane. This has brought down, significantly the 'crushing' performance of sugar mills in the State, including by our Group Company, Ponni Sugars. Bagasse availability, consequently, has been significantly affected, at a time when severe shortage of wood is felt by the Company. Price of Bagasse from the cooperative and private Sugar Mills in Tamil Nadu who have surplus Bagasse, has shot up significantly.
- ◇ Failure of Monsoon and absence of water flow in the River Cauvery, from where the Company draws its water requirements, had created anxious moments to the Company in the past. Such contingencies can recur in the future also. Further, inter-state sharing of River Cauvery water has become a political / legal issue in recent times. The Company has, however, taken all steps to curtail quantum of water used in the process.
- ◇ The Company depends entirely on imported coal for operating its Captive Power Plant. The price of imported coal witnessed an unprecedented increase of more than 100% during 2007-08. Prices which softened from second half of 2008-09 are stable at the moment. Future profitability of the Company will be impacted substantially by price increases as well as by weakening of Indian Rupee.
- ◇ Undue haste in reducing tariffs, for imports from countries covered by Government of India's RTAs / FTAs, will likewise expose the Industry to inexpensive imports from low cost producers of paper.
- ◇ Spurt in interest rates, effected to contain inflation, will impact the cost of future Projects and operating margins.
- ◇ Undue fluctuation in the exchange rate between Indian Rupee and US Dollar will impact the margins of the Company.
- ◇ Rise in rate of inflation will impact the profitability of the Company, since there will be increase in prices of all inputs and cost of services, without matching increase in price for the Company's products.

(v) Outlook for 2015-16

Global:

Global growth of Economy is forecast at 3.8% in 2015-16 by IMF, an improvement over 2014-15 when the growth was lower at 3.5%. Year 2014-15 witnessed a pickup in growth in advanced economies relative to the previous year and a slow-down in emerging market and developing economies. Growth is projected to be stronger in 2015 relative to 2014 in advanced economies, but weaker in emerging markets. Current year, may thus witness uneven growth patterns across the world economy. Global Pulp and Paper Industry is likely to mirror the above trend in the current year. Sustainability is a top priority among the world's forest, paper and packaging Companies.

A recent global survey conducted by PWC reported that nearly two thirds of Pulp and Paper Industry CEOs are concerned about resource scarcity and climate change. An overwhelming 92% of the CEOs surveyed, said, it is important to measure and try to reduce their environmental footprint. Paper Industry CEOs are of the view that economy will pickup this year and hence are positive about boosting revenues. They are looking to China, US and Germany to generate much of this growth according to PWC.

As per Moody's report on outlook for Global Paper and Forest Products, industry is stable and expects industry's global operating income to increase by 2% - 4% over the next 12 months.

North American Wood Products Producers will benefit as US housing starts improving and the projected improvement in global economy will help drive demand for packaging. These

factors will help mitigate the secular decline of printing and writing paper consumption in mature markets which will contract as consumers switch to digital alternatives.

According to Economist Intelligence Unit, Real GDP of China expanded by 7% on year on year basis in Q1, but the weak momentum behind economy suggests that fresh stimulus measures will be forthcoming.

Chinese Paper and Board production in 2013 contracted to 101.1 million tonnes from the high of 102.6 million tonnes in 2012, as per Industry sources, which appears not reliable.

Chinese 'capacity creation' is far in excess of actual demand growth for paper indicating that the capacity utilisation may take some years to reach 90% plus levels.

Domestic:

India Ratings and Research (a Fitch Group Company) in its Outlook Report on domestic Paper Industry has maintained its outlook on the paper industry at "negative to stable" driven by a weaker-than-expected improvement in the demand supply environment and elevated input costs. Ind-Ra has also maintained a stable outlook on most of its rated paper Companies. Financial profile of rated entities has not improved up to Ind-Ra's expectations in FY15. However, with the completion of the capex cycle and a gradual absorption of the excess capacity, Ind-Ra expects credit profiles of companies to improve in FY16.

Paper Companies have seen inventory levels rise in FY14 and 1HFY15 which could be attributed to weaker domestic demand, addition of new paper-production capacity as well as pressures due to import. Ind-Ra expects that this would lead to short term pressures on pricing which had seen some stability in FY14. However, the pricing environment is likely to improve marginally in 2HFY16 with improvement in demand-supply dynamics in the absence of large capacity addition and a gradual increase in demand.

Ind-Ra expects overall sector demand to grow by 6%-8% in FY16 aided by a recovery in the overall economic environment in FY16 (GDP

to grow by 6.5%). However, certain segments such as copier paper, specialty paper, paper board, could witness double digit growth driven by higher demand for office supplies and stronger growth in consumer-oriented sectors such as FMCG.

Ind-Ra expects sector companies to continue to witness elevated cost pressures in FY16. Paper companies have continued to suffer from rising input costs particularly in domestic wood prices and an inability to pass on the same to customers due to the weak demand environment.

Ind-Ra expects farm forestry efforts by companies would result in increased domestic wood availability in the medium term. In addition, Rupee depreciation has increased the cost of import for chemicals, pulp etc. Import of wood chips by companies and lower international pulp prices are likely to put a cap on the domestic wood prices, but unlikely to relieve the cost pressures on the Companies.

Ind-Ra expects the credit profiles of paper companies to improve in FY16. The financial profiles of these companies deteriorated on account of the large capex programmes undertaken by them, coupled with pressure on operating profitability. However, with the completion of the capex, these companies are likely to focus on improving their balance sheets. An improvement in the interest rate environment in FY16 is also likely to benefit the sector Companies.

Ind-Ra expects the rupee to stabilise at around INR63/USD by FYE16 which should help the sector Companies withstand competitive pressures from import to an extent. However, after a decline in sector import in FY13, overall imports have increased in FY14 & 1HFY15. A muted demand environment globally could result in paper Companies in Asia, particularly China, exporting surplus capacity to India which could intensify the competitive pressures on the domestic paper industry.

As mentioned in the last year's report, the environmental footprint of the Indian Paper Industry has come under the critical scrutiny of several (public and private) Indian and overseas

environmental agencies who would like to transform the way pulp and paper industry operates.

These transformations include minimising paper consumption, maximising use of recycled paper in the furnish, sourcing of virgin fibre, and adoption of cleaner pulping processes in the manufacture of paper.

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

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

(vi) Internal control systems and their adequacy

- ◇ The Company maintains all its records in ERP system developed in-house and the work flow and majority of approvals are routed through this system.
- ◇ The Company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as Internal Auditors for periodically checking and monitoring the internal control measures.
- ◇ Internal Auditors are present at the Audit Committee Meetings where Internal Audit Reports are discussed alongside of management comments and the final observation of the Internal Auditor.
- ◇ The Board of Directors have adopted various policies, like Related Party

Transactions Policy and Whistle Blower Policy and put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

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

During the year, the Company produced 1 77 904 tonnes of paper, comprising Production of 1 18 378 tonnes at Unit : Erode and 59 526 tonnes at Unit: Tirunelveli.

The Unit : Erode also produced 20 138 tonnes of Wet Lap Pulp to augment the Pulp requirements of Unit : Tirunelveli.

The Company sold 1 77 150 tonnes, during the year, comprising sale of 1 17 806 tonnes by Unit : Erode, 59 309 tonnes by Unit : Tirunelveli and 35 tonnes of paper and Notebooks bought and sold under Trading activity.

The Company exported 24 793 tonnes of Paper during the year, comprising of 12 329 tonnes from Unit : Erode and 12 464 tonnes from Unit : Tirunelveli. In US\$ terms the value of exports worked out to US\$ 20 166 150, equivalent to ₹ 12 791 lakhs. Exports to Nepal and Iran amounted to ₹ 811 lakhs.

Besides the above, the Company also sold 824 tonnes, under deemed exports and 117 tonnes under merchant exports whose proceeds amounted to ₹ 518 lakhs.

The Company is accredited with “Star Export House” Status, by the Government of India, Ministry of Commerce, Directorate General of Foreign Trade, in recognition of its export performance.

The Company repaid ₹ 680 lakhs of interest free Sales Tax Deferral loan during the year and the balance outstanding as on March 31, 2015 was ₹ 3 563 lakhs.

During the year, the Company earned a Total Revenue from Operations (net of Excise Duty and Excise Cess) of ₹ 101 996 lakhs.

For the year 2014-15, the Profit before Interest, Depreciation, exceptional item and Tax was ₹ 9 513 lakhs, for the Company as a whole.

After absorbing interest and depreciation of ₹ 3 721 lakhs and ₹ 2 929 lakhs, respectively and charging of exceptional item of ₹ 322 lakhs, the Profit before tax was ₹ 2 541 lakhs, as compared to ₹ 4 124 lakhs, in the previous year.

The overall Profit before tax for the year registered a steep fall due to un-favourable market conditions for major part of the year, steep increase in prices of input materials, especially wood, severe restrictions imposed by State Government on drawal of power from State Grid, leading to purchase of power from market at exorbitant cost, etc. Also one of the Boilers and Turbo Alternator set were taken for overhaul and retrofit.

The profitability could have suffered much more but for the new rates of depreciation that have come into force effective April 2014 under Schedule II to the Companies Act, 2013. Consequently, the depreciation charge for the year was lower by ₹ 1 968 lakhs. Based on Schedule II to the Companies Act, 2013, useful life of assets have been revised with effect from April 01, 2014. The carrying amounts of assets whose remaining useful life is zero as on April 01, 2014, have been charged to Statement of Profit and Loss under Exceptional items which amounted to ₹ 322 lakhs.

Due to availability of substantial carried forward unabsorbed depreciation on account of amalgamation of SPB Papers Limited, the

Company was liable only to Minimum Alternate Tax (MAT). As the tax liability under the Regular Method is nil, the entire MAT is eligible to be carried forward as MAT Credit Entitlement for set off in future years. Consequently, the Current Tax Liability for the year is Nil. Due to revision of income tax assessments of earlier years, there was a reversal of MAT Credit Entitlement of earlier years, amounting to ₹ 241 lakhs which has been adjusted against the Surplus in Statement of Profit and Loss under Reserves and Surplus.

As per the Accounting Standard (AS) 22 of The Companies (Accounting Standards) Rules, 2006, a sum of ₹ 806 lakhs has been transferred to Deferred Tax to the debit of the Profit and Loss Account, as against transfer of ₹ 1 445 lakhs in the previous year.

In the result, Profit after tax for the year was ₹ 1 735 lakhs, as compared to ₹ 2 679 lakhs, in the previous year.

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

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

Negotiations with Labour Unions / Staff Association are in progress with regard to the long term agreement on wages / salary and other benefits in Unit : Erode. In Unit : Tirunelveli an agreement has since been signed covering the above benefits.

Currently, the Company employs 1 443 persons of all ranks in its two Units.

REPORT ON CORPORATE GOVERNANCE

The principles of Corporate Governance introduced by SEBI through Clause 49 of the Listing Agreement with Stock Exchanges and amended from time to time is complied with in all respects by the Company. The policies, procedures and processes of the Company are at all times directed in furtherance of following the best practices and institutionalising the code of Corporate Governance.

This Report is furnished in terms of Clause 49 of the Listing Agreement. Auditors' Certificate on Corporate Governance as prescribed is also attached. Further, this Report also discloses relevant information in terms of Section 134(3) of the Companies Act, 2013 and forms an integral part of the Board's Report to Shareholders.

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.

Amendments to Corporate Governance provisions

The Companies Act, 2013 (the 'Act') provides for a major overhaul in the Corporate Governance norms for all companies. SEBI reviewed the provisions of Listing Agreement with the objective to align same with the Act, adopt best practices on Corporate Governance and to make the Corporate Governance framework more effective. SEBI, by its Circular dated 17th April 2014, advised the changes to Clause 35-B and Clause 49 of the earlier Listing Agreement. Clause 49 again underwent another revision, vide Circular dated 15th September 2014. The revised Clause 49 has come into force from 1st October 2014.

The Company has taken effective steps to comply with the new prescriptions of the Act, and move towards complying with the revised Clause 49 well before the deadline.

A Board of Directors

- (i) Board Composition
 - (a) The composition of the Board is devised in a manner to have optimal blend of expertise drawn from Industry, Management and Finance.
 - (b) All except the Chairman, Managing Director and Deputy Managing Director and Secretary are Non-executive Directors and thus constitute more than one-half of the total number of Directors. Of them, five are Independent Directors. Thus, the Company

complies with the stipulation of having 50% of the strength of the Board as Independent Directors. The Company has a woman Director. The Deputy Managing Director is additionally responsible to continue to discharge the functions of Secretary within the meaning of Section 203 of the Act.

- (c) The Managing Director is not liable to retire by rotation. All the other Non-Independent Directors retire by rotation and in the normal

course seek re-appointment at the Annual General Meeting. Brief resume of Directors seeking appointment / reappointment is given in the Notice of the AGM.

- (d) No Director holds membership of more than 10 Committees of Board nor is Chairman of more than 5 such Committees, as stipulated in Clause 49. No Director is a relative of any other Director. The age of every Director, including Independent Director, is above 21.

The details are furnished hereunder:

| SI No. | Name of the Directors | No. of Shares held | Executive / Non Executive Director | Promoter / Independent / Nominee Director |
|--------|----------------------------|--------------------|---|---|
| 1 | Sri N Gopalaratnam | 9231 | Chairman - Executive Director | Promoter Director |
| 2 | Sri R V Gupta, IAS (Retd.) | Nil | Non Executive Director | Independent Director |
| 3 | Sri Hans Raj Verma, IAS | Nil | Non Executive Director | Nominee of Tamilnadu Government, Non Independent Director |
| 4 | Dr Nanditha Krishna | Nil | Non Executive Director | Independent Director |
| 5 | Dr S Narayan, IAS (Retd.) | Nil | Non Executive Director | Independent Director |
| 6 | Sri A L Somayaji | Nil | Non Executive Director | Independent Director |
| 7 | Sri S K Prabakar, IAS* | Nil | Non Executive Director | Nominee of Tamilnadu Industrial Investment Corporation Limited Non Independent Director |
| 8 | Sri V Sridar | Nil | Non Executive Director | Independent Director |
| 9 | Sri K S Kasi Viswanathan | 582 | Managing Director - Executive Director | Whole time Director - Non Independent Director |
| 10 | Sri V Pichai | 8539 | Deputy Managing Director & Secretary - Executive Director | Whole time Director - Non Independent Director |

* Ceased to be a Director with effect from 1st April 2015.

(ii) Independent Directors

- (a) The Chairman is an Executive and falls under Promoter category. The number of Independent Directors is one-half of the total strength. Any reduction in the strength of Independent Directors is filled within 3 months or the next Board Meeting, whichever is later, for ensuring minimum stipulated strength of Independent Directors in the Board.
- (b) Independent Directors are appointed for a tenure of five years taking into account the transitory provisions under Section 149(11) of the Act. They would be eligible for one more term on passing of a Special Resolution by members. No Independent Director of the Company serves in more than seven listed companies as Independent Director.
- (c) Independent Directors have been issued Letter of Appointment and the terms thereof

have been posted on the Company's website www.spbltd.com.

- (d) Pursuant to Clause 49 of the Listing Agreement, the Company has formulated a familiarisation programme for Independent Directors with the objective of making them familiar with their role, rights and responsibilities, nature of the industry, business model and compliance management. The details of the programme have been uploaded on the Company's website www.spbltd.com.
- (e) All the Independent Directors have given the declarations pursuant to Section 149(7) of the Act, affirming that they meet the criteria of independence as provided in Sub section (6).

Attendance of each Director, at the Board Meetings held during the financial year 2014-15 and at the last Annual General Meeting, is furnished hereunder:

| SI No. | Name of the Directors | Board Meetings | | Last Annual General Meeting | |
|--------|------------------------------------|----------------|----------|-----------------------------|--------------|
| | | Held | Attended | Attended | Not attended |
| 1 | Sri N Gopalaratnam | 6 | 6 | Yes | -- |
| 2 | Sri Arun G Bijur & | 6 | 3 | Yes | -- |
| 3 | Sri Bimal Kumar Poddar & | 6 | 2 | -- | Yes |
| 4 | Sri R V Gupta, IAS (Retd.) | 6 | 5 | Yes | -- |
| 5 | Sri Hansraj Verma, IAS @ | 6 | 1 | -- | Yes |
| 6 | Sri Mohan Verghese Chunkath, IAS % | 6 | -- | -- | Yes |
| 7 | Dr Nanditha Krishna + | 6 | 2 | -- | Yes |
| 8 | Dr S Narayan, IAS (Retd.) | 6 | 6 | Yes | -- |
| 9 | Smt Philomina Thomas # | 6 | 3 | Yes | -- |
| 10 | Sri S K Prabakar, IAS * | 6 | -- | -- | Yes |
| 11 | Sri A L Somayaji + | 6 | 3 | -- | Yes |
| 12 | Sri V Sridar | 6 | 6 | Yes | -- |
| 13 | Sri K S Kasi Viswanathan | 6 | 6 | Yes | -- |
| 14 | Sri V Pichai | 6 | 6 | Yes | -- |

@ Appointed as Director on 25 07 2014

& Ceased to be Directors on 23 08 2014

* Ceased to be Director with effect from 01 04 2015 under Section 167(1)(b) of the Companies Act, 2013.

+ Appointed as Directors on 29 09 2014

Ceased to be Director on 23 09 2014

% Ceased to be Director on 25 07 2014

— 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, 2015 :

| SI No. | Name of the Directors | Other Boards | | Other Board Committees | |
|--------|----------------------------|--------------|----------------------------|------------------------|----------------------------|
| | | Number | Member / Chairperson | Number | Member / Chairperson |
| 1 | Sri N Gopalaratnam | 5 @ | 5 - Chairman | 2 | 2 - Chairman |
| 2 | Sri R V Gupta, IAS (Retd.) | 5 | 5 - Member | 5 | 1 - Chairman 4 - Member |
| 3 | Sri Hans Raj Verma, IAS | 6 | 1 - Chairman 5 - Member | -- | -- |
| 4 | Dr Nanditha Krishna | 4 # | 4 - Member | -- | -- |
| 5 | Dr S Narayan, IAS (Retd.) | 5 \$ | 5 - Member | 2 | 2 - Member |
| 6 | Sri S K Prabakar, IAS | 7 | 2 - Chairman 5 - Member | 1 | 1 - Member |
| 7 | Sri A L Somayaji | 3 * | 3 - Member | 1 | 1 - Chairman |
| 8 | Sri V Sridar | 8 | 8 - Member | 7 | 3 - Chairman 4 - Member |
| 9 | Sri K S Kasi Viswanathan | -- | -- | -- | -- |
| 10 | Sri V Pichai | 3 + | 3 - Member | -- | -- |

@ Includes 1 Private Limited Company.

\$ Includes 2 Private Limited Companies.

+ Includes 3 Private Limited Companies.

Includes 3 Private Limited Companies.

* Includes 1 Private Limited Companies.

B Board Process

Board Meetings:

(i) Board Meetings

The Board Meeting dates for the entire financial year are tentatively fixed before start of the year. An annual calendar of Board / Committee meetings is circulated to facilitate Directors plan their schedules for attending the meetings. Audit Committee and Board meetings are convened on two consecutive days to obviate avoidable travel and recognizing time constraints of Independent Directors.

Notice for Board Meeting is issued normally three weeks in advance. Detailed Agenda papers are circulated one week in advance. During the financial year 2014-15, six Board

Meetings were held on May 30, 2014, July 25, 2014, August 23, 2014, November 01, 2014, February 07, 2015 and March 26, 2015. The Annual General Meeting was held on July 25, 2014. Interval between any two meetings was not more than 120 days. No Board Meeting was conducted through video conferencing or other audio visual means.

(ii) Board Proceedings

Board Meetings are governed by structured Agenda containing comprehensive information and extensive details that is circulated at least one week in advance. Urgent issues and procedural matters are at times tabled at the meeting with prior approval of Chairman and consent of all present. Power point presentation is made

to facilitate pointed attention and purposive deliberations at the meetings.

The Board periodically reviews compliance reports of all laws applicable to the Company and takes proactive steps to guard against slippages and take remedial measures as appropriate. The Board is apprised of risk assessment and minimisation procedures that are periodically reviewed. The Board is committed to discharge all key functions and responsibilities as spelt out in the Companies Act, 2013, extant SEBI Regulations and provisions of the Listing Agreement.

The governance process includes an effective post-meeting follow-up and reporting process for decisions taken pending approval of Board.

(iii) **Board Minutes**

Draft Board minutes prepared by the Company Secretary are placed at the meeting and updated for changes based on discussions thereat. After approval by Chairman, these are placed at the succeeding meeting for confirmation and record.

C Board Committees

(i) **Audit Committee**

The Board has constituted an Audit Committee comprising three Non Executive Independent Directors and the Chairman of

the Board, with more than two-third being Independent. The Chairman of Audit Committee is an Independent Director and is present at the Annual General Meetings of the Company. It meets at regular intervals not exceeding 120 days between any two meetings and subject to a minimum of 4 meetings in a year. The Managing Director (CEO) and Deputy Managing Director & Secretary who is also the CFO are present as invitees while Statutory Auditors, Cost Auditor and the Internal Auditor are also present in most meetings. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee conforms to Section 177 of the Act and extant SEBI guidelines and Clause 49 of Listing Agreement in all respects concerning its constitution, meetings, functioning, role and powers, mandatory review of required information, approved related party transactions and accounting treatment for major items. Appointments of Statutory Auditors, Cost Auditor, Secretarial Auditor and Internal Auditor are done on the recommendations of the Audit Committee.

During the year, the Audit Committee met five times on May 29, 2014, July 24, 2014, October 31, 2014, February 06, 2015 and March 25, 2015.

Its composition and attendance during 2014-15 is given hereunder :

| Sl No. | Name of the Directors | Independent / Non Independent | Position | Audit Committee Meetings | |
|--------|----------------------------|-------------------------------|----------|--------------------------|----------|
| | | | | Held | Attended |
| 1 | Sri R V Gupta, IAS (Retd.) | Independent Director | Chairman | 5 | 4 |
| 2 | Sri N Gopalratnam | 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 | 5 |
| 5 | Sri Bimal Kumar Poddar* | Non Independent Director | Member | 5 | 1 |

* Ceased to be Director on 23 08 2014.

Members of the Audit Committee have requisite financial and management expertise. They have held senior positions in Government / reputed organisations.

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

(ii) Nomination cum Remuneration Committee

The Company has a Nomination cum Remuneration Committee of the Board which currently consists of the following Independent Directors:

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

Two meetings of the Nomination cum Remuneration Committee were held during the Financial Year 2014-15.

The powers, role and terms of reference of the Committee cover the areas as contemplated under Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, besides other terms as may be referred by the Board of Directors. The role includes :

- ◇ Formulation of criteria for determining qualifications, positive attributes and independence of a Director.
- ◇ Recommending to the Board a remuneration policy for Directors, Key

Managerial Personnel and Senior Management.

- ◇ Formulation of criteria for evaluation of Independent Directors and the Board.
- ◇ Devising a policy on Board diversity.
- ◇ Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee meets as per needs.

(iii) Stakeholders Relationship Committee

The Board has a Stakeholders Relationship Committee. Its role and responsibility is to expeditiously process and approve transactions in securities, complying with SEBI Regulations and listing requirements and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar and Transfer Agents and devises measures for overall improvement in the quality of investor services.

The Committee currently comprises of 3 Directors, out of which one is a non-executive Independent Director who also heads the Committee. The Committee met five times during the year on May 29, 2014, July 24, 2014, October 31, 2014, February 06, 2015 and March 25, 2015. Its composition and attendance is given hereunder:

| Name of the Director / Position | Independent / Non Independent | Committee Meetings | |
|---------------------------------|-------------------------------------|--------------------|----------|
| | | Held | Attended |
| Sri V Sridar, Chairman * | Non-Executive, Independent Director | 5 | 3 |
| Sri N Gopalaratnam | Executive, Non-Independent Director | 5 | 5 |
| Sri V Pichai | Executive, Non-Independent Director | 5 | 5 |
| Sri Arun G Bijur @ | Executive, Non-Independent Director | 5 | 2 |

* Inducted in Stakeholders Relationship Committee on 23 08 2014.

@ Ceased to be Director on 23 08 2014.

Status of investor complaints is shown in the Shareholder Information Section of this Report. The Secretary is the Compliance Officer.

(iv) Corporate Social Responsibility (CSR) Committee

The Company has constituted a Corporate Social Responsibility Committee as mandated by Section 135 of the Act. It is in operation from March 2014 and met four times during the year. The members of the Committee are

| Name of Member | Category | No. of Meetings | |
|------------------------------|-----------------------------|-----------------|----------|
| | | Held | Attended |
| Sri N Gopalaratnam, Chairman | Executive - Non Independent | 4 | 4 |
| Sri V Sridar | Non-Executive - Independent | 4 | 4 |
| Sri K S Kasi Viswanathan | Executive - Non Independent | 4 | 4 |
| Sri V Pichai | Executive - Non Independent | 4 | 4 |

(v) Other Committees

The Board has constituted a Project Committee to facilitate quick response to clearance of proposals for expenditure on Mill Development Plan II - Phase-I for Unit : Erode and Mill Expansion Project for Unit : Tirunelveli. It meets as and when need arises to consider any matter assigned to it. Four meetings were held during the year.

(vi) Committee Minutes

Minutes of all the Committees of the Board are prepared by the Secretary of the Company and approved by the Chairman of the Meeting. These are placed at the succeeding Committee Meetings for confirmation and then circulated to the Board in the Agenda for being recorded thereat.

(vii) Circular Resolution

Recourse to Circular Resolution is made in exceptional and emergent cases that are recorded at the succeeding Board / Committee Meetings. During the year, no Circular Resolution was passed.

D Governance Process and Policies

(i) Policy on Directors' Appointment and Remuneration

The Board on the recommendations of the Nomination-cum-Remuneration Committee meeting held on 25th March 2015 has approved a Nomination and Remuneration Policy. It inter alia deals with the manner of selection of Board of Directors and Managing Director / Executive Directors and their remuneration. This policy is accordingly derived from the said chapter.

1 Criteria for selection of Non Executive Directors

- (a) The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director.
- (b) Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.
- (c) In case of appointment of Independent Directors, the Committee will satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company, conforming in entirety to the conditions specified under Section 149 of the Companies Act, 2013, read with Schedule IV thereto and the Rules made thereunder and the Listing Agreement.
- (d) The Committee will ensure that the candidate identified for appointment as a Director is not disqualified in any manner under Section 164 of the Companies Act, 2013.
- (e) In the case of re-appointment of Non Independent Directors, the Board will take into consideration the performance evaluation of the Director and his engagement level.

2 Remuneration Policy

The Remuneration Policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with competition, size of the Company, its nature of business and considered appropriate to

the respective role and responsibilities of the employee concerned.

The Remuneration Policy seeks to ensure that performance is recognised and achievements rewarded. Remuneration package is transparent, fair and simple to administer, besides being legal and tax compliant.

The Policy recognises the inherent constraint in relating remuneration to individual performance and fixing meaningful benchmark for variable pay due to the nature of the industry. Employee compensation is not allowed to get significantly impacted by external adversities that are admittedly beyond their realm of control.

3 Remuneration of Directors and Key Managerial Persons (KMP)

The Nomination-cum-Remuneration Committee recommends the remuneration of Directors and KMPs which is approved by the Board of Directors and where necessary, further approved by the Shareholders through Ordinary or Special Resolution, as applicable. Remuneration comprises of both fixed and variable pay. However, the share of variable pay is so devised as to factor in the volatile changes in profit levels inherent to the nature of industry in which the Company operates. Bearing this in mind, the remuneration package involves a balance between fixed and incentive pay, reflecting short and long term performance objective appropriate to the working of the Company and its goals.

The Chairman, Managing Director and Deputy Managing Director and Secretary are the only Executive Directors entitled for managerial remuneration. Sri N Gopalaratnam, Sri K S Kasi Viswanathan and Sri V Pichai have been re-appointed as Chairman, Managing Director and Deputy Managing Director and Secretary, respectively, for a further tenure of three years from 01 04 2014. Considering the inadequacy of profits for the year 2014-15, they are paid

minimum remuneration, in accordance with the approval granted by the Members at the Annual General Meeting held on 25th July 2014. Their remuneration for the Financial Year 2014-15 is disclosed under Note No. 30 of the Financial Statements. There is no service contract containing provisions of notice period or severance package.

No Director or his relative holds an office or place of profit in the Company. Other than direct or indirect equity holding, sitting fee and commission on net profits, there is no pecuniary relationship or transaction between the Company and its Non Executive Directors. No stock option has been issued by the Company to Executive Directors.

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

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

- ◇ Commission, restricted to a maximum of 1% of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 2013, for all of them together.
- ◇ The above shall be shared amongst the Non Whole-time Directors equally.
- ◇ The above shall be subject to a further ceiling of ₹ 3 lakhs per financial year, for each Director.
- ◇ In case any Director has held the office of Director only for a part of the financial year, then the remuneration shall be paid only proportionately, in proportion to the period for which he was a Director during that financial year.

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

4 (i) Remuneration of Non Executive Directors for 2014-15

| SI No. | Name of the Non Whole time Director | Sitting Fee paid | | Commission payable for 2014-15 |
|--------|-------------------------------------|------------------|--------------------|--------------------------------|
| | | Board Meetings | Committee Meetings | |
| | | ₹ lakhs | ₹ lakhs | ₹ lakhs |
| 1 | Sri Arun G Bijur | 0.30 | 0.20 | 1.25 |
| 2 | Sri Bimal Kumar Poddar | 0.20 | 0.20 | 1.25 |
| 3 | Sri R V Gupta, IAS (Retd.) | 0.50 | 0.60 | 3.00 |
| 4 | Sri Hans Raj Verma, IAS | 0.10 @ | -- | 3.00 @ |
| 5 | Dr S Narayan, IAS (Retd.) | 0.60 | 0.50 | 3.00 |
| 6 | Mrs Philomina Thomas | 0.30 | -- | 1.50 \$ |
| 7 | Sri S K Prabakar, IAS | -- | -- | 3.00 # |
| 8 | Sri V Sridar | 0.60 | 1.80 | 3.00 |
| 9 | Sri A L Somayaji | 0.30 | -- | 1.50 |
| 10 | Dr Nanditha Krishna | 0.20 | -- | 1.50 |
| | Total | 3.10 | 3.30 | 22.00 |

Payable to The Tamilnadu Industrial Investment Corporation Limited.

@ Paid / Payable to Government of Tamilnadu.

\$ Payable to Life Insurance Corporation of India.

(ii) Performance Evaluation

The Board of Directors in March 2015 Board Meeting, on the recommendations of the Nomination-cum-Remuneration Committee, approved the Board Evaluation Framework. It has laid down specific criteria for performance evaluation covering :

- ◇ Evaluation of Board Process
- ◇ Evaluation of Committees
- ◇ Individual evaluation of Board Members and the Chairperson
- ◇ Individual evaluation of Independent Directors.

Evaluation of all Board Members is done on an annual basis. Templates incorporating specific attributes are used and commonly agreed comments and remarks are recorded against each attribute.

The Independent Directors in their exclusive meeting on 25th March 2015 did the evaluation on the performance of Chairperson, Non Independent Directors and the Board as a whole. They have expressed overall satisfaction on such

evaluation. All, except one Independent Director, were present at this meeting.

The Board, at its meeting held on 25th March 2015, evaluated the performance of each of the four Committees and also the functioning of each of the Independent Directors (excluding the Independent Director being evaluated). The Board has recorded its overall satisfaction and decided in terms of Para VIII(2) of Schedule IV to the Companies Act, 2013 that Independent Directors be continued in their respective offices.

(iii) Insider Trading

The Company had framed a Code of Conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code was applicable to all Directors and designated employees. It is hereby affirmed that all Directors and designated employees have complied with this Code during Financial Year 2014-15 and a confirmation to this effect has been obtained from them.

SEBI, in January 2015, has notified a new set of Regulations, namely, SEBI (Prohibition of Insider Trading)

Regulations, 2015 that has come into force from 15th May 2015. In terms of these Regulations, the Board in March 2015 in supersession of the earlier Code formulated the :

- (i) Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information; and
- (ii) Minimum Standards for Code of Conduct to regulate, monitor and report trading by Insiders.

These have been uploaded in the Company's website and Stock Exchanges advised of same.

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results.

The Company Secretary is designated as the Compliance Officer for this purpose. The Audit Committee monitors the adherence to various requirements as set out in the Code.

(iv) Code of Conduct

The Board has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for the Financial Year 2014-15.

Further, the Senior Management Personnel have declared to the Board that no material, financial or commercial transactions were entered into by them during the Financial Year 2014-15 where they have personal interest that may have a potential conflict with the interest of the Company at large.

(v) Related Party Transactions

The Board has formulated a Policy on Related Party Transactions (RPTs). It has also fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material. This policy has been uploaded in the Company's website.

All RPTs during the Financial Year 2014-15 were on an arms-length basis and were in the ordinary course of business. They have been disclosed in deference to Accounting Standard 18 in Note 30 of the financial statements. None of these transactions are likely to have a conflict with the Company's interest.

All RPTs have the approval of Audit Committee. Prior omnibus approval of the Audit Committee is obtained for the transactions that are non material and repetitive in nature.

There was no material RPT during the Financial Year 2014-15.

None of the Directors has any pecuniary relationships or transactions other than the remuneration duly disclosed vis-à-vis the Company.

(vi) Risk Management

The Company has a risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimise adverse impact on the business objective and enhance the Company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The Company has laid down appropriate procedures to inform the Board about the risk assessment and minimisation procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business.

Key areas of risks identified and mitigation plans are covered in the Management Discussion and Analysis Report. The Company is not currently required to constitute a Risk Management Committee.

(vii) Whistle Blower Policy

In deference to Section 177 (9) of the Act, read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Company has established a vigil mechanism overseen by the Audit Committee. This has been uploaded in the Company's website.

No complaint under this facility was received in the Financial Year 2014-15.

(viii) Anti-Sexual Harassment Policy

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received on sexual harassment. All employees (permanent, contractual, temporary, trainees, etc.) are covered under this Policy.

No complaint on sexual harassment was received during the Financial Year 2014-15.

E Other Compliances

(i) Management Discussion and Analysis

Management Discussion and Analysis Report is made in conformity with Clause 49(VIII)(D) of the Listing Agreement and is attached to the Board's Report forming part of the Annual Report of the Company.

(ii) Quarterly Financial Results

Pursuant to Clause 41 of the Listing Agreement, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These are communicated to Stock Exchanges by email after the conclusion of the Board Meeting and published in leading

dailies, as required, within the stipulated time. These are also immediately posted on the Company's website.

(iii) Quarterly Compliance Report

The Company has submitted for each of the four quarters during 2014-15 the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days from the close of each quarter.

(iv) Online filing

NEAPS

Quarterly reports to National Stock Exchange are filed through NSE Electronic Application Processing System (NEAPS), in addition to filing hard copy of such reports.

SCORES

SEBI requires all listed companies to process investor complaints in a centralised web based complaint system called SEBI Complaints Redress System (SCORES). All complaints received from Shareholders of listed companies are posted in this system. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were no complaints on our Company posted at SCORES site.

(v) Reconciliation of Share Capital Audit

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

| For the Quarter ended | Furnished on |
|------------------------------|---------------------|
| 30 06 2014 | 15 07 2014 |
| 30 09 2014 | 21 10 2014 |
| 31 12 2014 | 22 01 2015 |
| 31 03 2015 | 21 04 2015 |

(vi) Accounting treatment

In the preparation of financial statements, no accounting treatment different from that prescribed in any Accounting Standard has been followed.

(vii) Cost Audit

Cost Audit was not applicable to our Company for the Financial Year 2014-15.

(viii) Secretarial Audit

Pursuant to Section 204(1) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s B K Sundaram & Associates, Practicing Company Secretaries (C P No. 2209), to undertake the Secretarial Audit of the Company for Financial Year 2014-15. The Secretarial Audit Report was placed before the Board on 30th May 2015 and the same is annexed.

There are no qualifications in the Secretarial Audit Report.

(ix) Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013, the Company has appointed M/s R Subramanian & Company, Chartered Accountants (Firm Regn. No. 004137S), Chennai, to conduct Internal Audit of the functions and activities of the Company for Financial Year 2014-15. The Internal Auditor reports directly to the Chairman and attends all Audit Committee Meetings to provide clarifications, if any, that may be required by Directors.

(x) CEO / CFO Certification

CEO certification by Sri K S Kasi Viswanathan, Managing Director and CFO certification by Sri V Pichai, Deputy Managing Director and Secretary who is also the Chief Financial Officer, as required under

Clause 49(IX) of the Listing Agreement were placed before the Board / Audit Committee meetings wherein the Quarterly / Annual financial results are considered.

(xi) Review of Directors' Responsibility Statement

The Board in its Report has confirmed that the annual accounts for the year ended 31st March 2015 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

(xii) Auditor's Certificate on Corporate Governance

Certificate of Statutory Auditors has been obtained on the compliance of conditions of Corporate Governance, in deference to Clause 49(XI) of the Listing Agreement and the same is annexed.

(xiii) Subsidiary Companies

M/s Esvi International (Engineers & Exporters) Limited (Esvin) is a wholly owned subsidiary of the Company.

(xiv) Deposits

The Company has not accepted deposits from the public and there are no outstanding dues in respect thereof.

(xv) Peer Review of Auditors

Clause 41 of the Listing Agreement stipulates that Limited Review / Audit Reports shall be given only by an Auditor who has subjected himself to the Peer Review process and holds a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Statutory Auditors of the Company M/s Suri and Co., M/s S Viswanathan and M/s Maharaj N R Suresh and Co., have undergone the peer review process and have been issued requisite Certificate that were placed before the Audit Committee.

F Compliance with non-mandatory requirements

(i) Shareholders' Rights

Quarterly Un-audited Financial Results on the Company's financial performance are sent to all shareholders to their registered address. These are posted on the Company's Website and advertised in newspapers and soft copy of same emailed to shareholders whose email IDs are available with the Company. Shareholders who have not furnished their email IDs are advised to furnish the same to investor@spbltd.com

(ii) Abridged Accounts

Section 136(1) of the Act and Clause 32 of Listing Agreement permits circulation of abridged Accounts in lieu of full-fledged Annual Report. The Company has, however, not exercised this option and continues to send Annual Report in full form to all Shareholders.

(iii) Green Initiative

The Company has sought Shareholders' cooperation to fall in line with the Green Initiatives of the Central Government by way of sending communications in e-mode.

(iv) Audit Qualifications

The Company continues to remain in the regime of unqualified financial statements.

SEBI, vide its Circular dated 13th August 2012, has evolved a system to monitor audit qualification covered in Auditor's Report. Accordingly, listed companies, while submitting Annual Report under Clause 31(a) of the Listing Agreement, are required to submit Form A in case of Unqualified Auditor's Report and Form B in case of Qualified / Subject to / Except for Audit Report. Stock Exchanges will initiate further steps as specified in the Circular, in case of companies where Form B has been filed.

Our Company will comply with this SEBI Circular while filing the Annual Reports for the Financial Year ended 31st March 2015.

G Disclosures

(i) No strictures / penalties have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.

(ii) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the Company's operations in future.

(iii) No loan or advance in the nature of loan was made during or outstanding at the close of the year to Associates or Firms / Companies in which a Director of the company is interested. Accordingly, no disclosure in terms of Clause 32 on this score is applicable.

H Means of Communication

Board Meeting / Financial Results

The Company publishes Notice of Board Meeting to consider financial results in 'The Hindu Business Line' in English and 'Maalaimalar' in Tamil and the financial results in 'The Hindu Business Line' in English and 'Dinamalar' in Tamil.

The results published also show as footnote relevant additional information and / or disclosures to the investors. Financial results are :

(a) emailed to Stock Exchanges immediately after the conclusion of the Board meeting. A confirmation copy is sent by post.

(b) posted on the Company's website www.spbltd.com and

(c) sent to all Shareholders by post.

No presentation was made during the year to Institutional Investors or Analysts. The

Company has no agreement with any media Company for public dissemination of its corporate information.

Chairman's Communique

Printed copy of the Chairman's Speech, both in English as well as in Tamil, is distributed to all the Shareholders at the Annual General Meetings. The same is also placed on the website of the Company and sent to Stock Exchanges.

Website

The Company maintains a functional website www.spbltd.com that contains relevant information updated in time and complies with Clause 54 of the Listing Agreement.

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

General Shareholder information

(i) Details for Fifty Fifth Annual General Meeting

| | | |
|-----------------------|---|--|
| Date and time | : | Saturday, the 1st August 2015 at 11.00 AM |
| Venue | : | "Community Centre", SPB Colony Erode 638 010, Tamilnadu |
| Financial Year | : | 2014-15 |
| Book closure dates | : | Thursday, the 23rd July 2015 to Saturday, the 1st August 2015 (both days inclusive). |
| Dividend | : | ₹ 4 (₹ Four) per Equity Share (Proposed) |
| Dividend payment date | : | 3rd August 2015 |

(ii) Particulars of past three Annual General Meetings

| AGM / Year | Venue | Date & Time | Special Resolutions passed |
|-----------------|--|------------------------|--|
| 52nd 2011-12 | "Community Centre" SPB Colony Erode 638 010 Tamilnadu | 28 07 2012 11.00 AM | Nil |
| 53rd 2012-13 | "Community Centre" SPB Colony Erode 638 010 Tamilnadu | 27 07 2013 11.00 AM | Payment of commission to Non Whole-time Directors |
| 54th 2013-14 | "Community Centre" SPB Colony Erode 638 010 Tamilnadu | 25 07 2014 10.15 AM | 1 Borrowing Powers 2 Mortgage of Assets |

No Extraordinary General Meeting was convened during the year.

(iii) Postal Ballot

All Resolutions were passed by show of hands for the year ended 2011-12 and 2012-13. No Special Resolution was required to be passed by postal ballot at the last Annual General Meeting. The Company extended e-Voting option to all Shareholders for the 54th Annual General Meeting, pursuant to Section 110 of the Companies Act, 2013 and Resolutions were passed on that basis.

The Company subsequently extended e-Voting option to all Shareholders for the appointment of two Independent Directors, pursuant to Section 110 of the Companies Act, 2013 and Resolutions were passed on that basis.

(iv) Financial Calendar for 2015-16 (tentative)

May 2015 :

Audited results for 2014-15

August 2015 :

Annual General Meeting and
First Quarter Results for 2015-16

November 2015 :

Second Quarter Results

January 2016 :

Third Quarter Results

March 2016 :

Review of performance

May 2016 :

Audited Results for 2015-16

July 2016 :

Annual General Meeting and
First Quarter Results for 2016-17.

(v) Listing on Stock Exchanges :

(a) BSE Limited

Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Ph: (91)(22)2272 1233 - 1234 (General)

Website: www.bseindia.com

E-mail: corp.relations@bseindia.com

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

(b) National Stock Exchange of India Limited

“Exchange Plaza”

Bandra - Kurla Complex

Bandra (East)

Mumbai 400 051

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

Website: www.nseindia.com

E-mail: cmlist@nse.co.in

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

(vi) Payment of Annual Listing Fees to the Stock Exchanges :

Listing Fee has been paid to the above two Stock Exchanges, in which the Company's Equity Shares are listed, upto March 31, 2016.

(vii) Stock Codes :

Under Demat System, the ISIN allotted to the Company's Equity Shares is INE630A01016.

The Company's Stock Codes are **SESHAPAPER** in the National Stock Exchange and **502450** in the BSE Limited.

(viii) Dematerialisation of shares and liquidity

As on March 31, 2015, 4 892 Shareholders are holding Shares in Demat form and 96 26 887 shares have been dematerialised, representing 76.32% of the total Equity Share Capital.

Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system.

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

NIL

- (x) Permanent Account Number (PAN) Requirement

SEBI, vide Circular dated 27th April 2007, made PAN as the sole identification number for all participants transacting in the securities market irrespective of the amount of such transaction.

SEBI, by its Circular dated 20th May 2009 made it mandatory to furnish a copy of PAN Card of the transferee to the Company / RTA for registration of transfer of shares of listed companies in physical form and off market / private transactions.

SEBI, Vide its Circular dated 27th January 2010 has made it mandatory to furnish a copy of PAN for transmission and transposition of shares.

Investors are advised to take note of same.

- (xi) Registrar and Transfer Agents, both for shares held in physical form and in electronic mode :

Integrated Enterprises (India) Limited

'Kences Towers', II Floor

No.1, Ramakrishna Street

North Usman Road

T Nagar

Chennai 600 017

Ph: (91)(44) 2814 0801 - 803

Fax: (91)(44) 2814 2479

E-mail: corpserv@integratedindia.in

- (xii) Share Transfer System:

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

The Stakeholders Relationship Committee of the Board of Directors meets once in three months. To quicken the process of transfer of shares, the Deputy Managing Director & Secretary has been delegated with the powers to approve transfers, if the documents are in order.

- (xiii) Unclaimed Dividend

Pursuant to Section 205 A of the Companies Act 1956, dividend remaining unpaid or unclaimed for a period of 7 years shall be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Reminders for unpaid dividend are sent to the Shareholders as per records every year.

Pursuant to above, the Unpaid / Unclaimed Dividend for the Financial Year ended 31 03 2007 were transferred on 18 09 2014 pertaining to 2720 investors and aggregating ₹ 6.80 lakhs.

The Unpaid / Unclaimed amount for the Financial Year ended 31 03 2008 will be transferred during August 2015. Shareholders are, therefore, advised to contact the Company immediately in case of non-receipt or non-encashment of Dividend.

Upon Section 124(5) and (6) of the Companies Act, 2013 coming into force, companies while transferring the unpaid dividend will also have to transfer the underlying equity shares, only if the dividend is not paid / claimed during the said period of 7 years(yet to pass in Rajya Sabha). Shareholders may take specific note of same.

SESHASAYEE PAPER AND BOARDS LIMITED

Particulars of unclaimed dividend as on 31 03 2015 :

| Year | Dividend (₹ per share) | Date | Unclaimed | | Due date for transfer to IEPF |
|---------|---------------------------|------------|--------------------|---------|-------------------------------------|
| | | | No. of warrants | ₹ lakhs | |
| 2007-08 | 4 | 01 08 2008 | 2713 | 7.86 | 24 08 2015 |
| 2008-09 | 3.5 | 01 08 2009 | 2921 | 7.61 | 22 08 2016 |
| 2009-10 | 6 | 28 07 2010 | 2938 | 13.14 | 21 08 2017 |
| 2010-11 | 5 | 27 07 2011 | 3093 | 11.34 | 20 08 2018 |
| 2011-12 | 5 | 30 07 2012 | 3346 | 12.37 | 26 08 2019 |
| 2012-13 | 4 | 29 07 2013 | 3542 | 10.28 | 24 08 2020 |
| 2013-14 | 4 | 26 07 2014 | 3706 | 11.13 | 22 08 2021 |

MCA by Notification G.S.R. 352 (E), dated 10 05 2012 has stipulated publication of details of unclaimed / unpaid dividend in the company website and MCA website. This is to facilitate investors track unclaimed dividend by checking the status online and real time. Our Company has already uploaded the requisite details that will get updated every year within 90 days of Annual General Meeting.

(xiv) Market Price Data

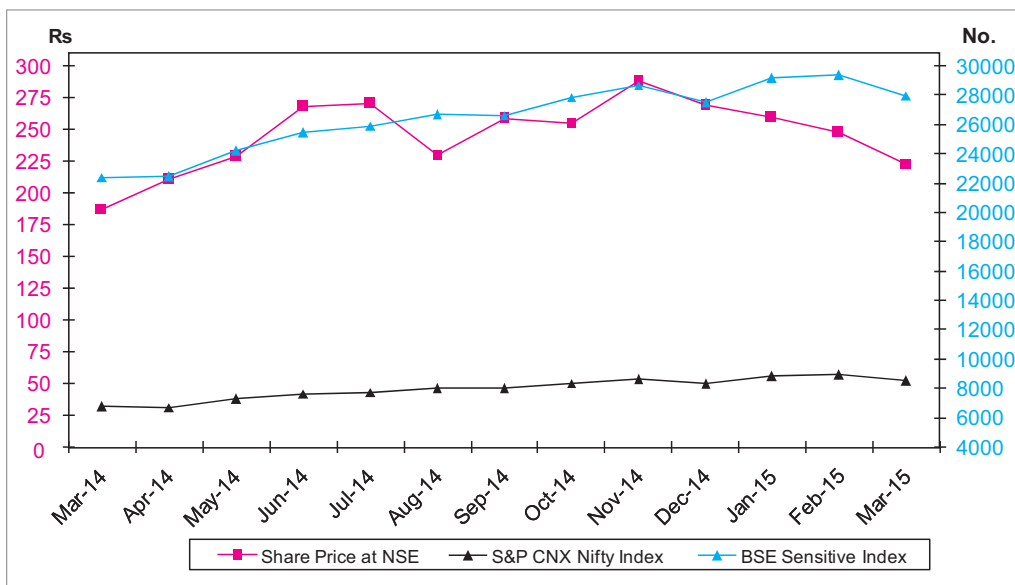
High, low and volume during each month in the financial year 2014-15 (reported at the National Stock Exchange of India Limited and BSE Limited).

| Month | BSE | | | | National Stock Exchange | | | |
|-------------|-------------|----------|------------------|--------------------|-------------------------|----------|------------------|--------------------|
| | Share Price | | Volume | | Share Price | | Volume | |
| | High ₹ | Low ₹ | No. of Shares | Value (₹ lakhs) | High ₹ | Low ₹ | No. of Shares | Value (₹ lakhs) |
| 2014 | | | | | | | | |
| April | 210.00 | 175.00 | 4818 | 9.40 | 210.00 | 176.25 | 13212 | 25.61 |
| May | 227.00 | 190.50 | 8608 | 17.47 | 228.00 | 190.05 | 26508 | 54.08 |
| June | 268.90 | 219.00 | 16917 | 41.54 | 267.70 | 218.00 | 55801 | 136.51 |
| July | 258.00 | 215.00 | 7112 | 17.09 | 270.00 | 215.05 | 10235 | 24.45 |
| August | 230.00 | 210.10 | 4060 | 8.69 | 229.95 | 207.10 | 17687 | 38.40 |
| September | 286.70 | 220.00 | 5478 | 13.11 | 258.00 | 215.00 | 26205 | 62.01 |
| October | 235.00 | 202.00 | 4093 | 8.85 | 255.00 | 201.20 | 10436 | 22.70 |
| November | 288.00 | 210.00 | 186161 | 493.66 | 288.00 | 211.00 | 365185 | 970.44 |
| December | 265.00 | 219.00 | 86289 | 209.44 | 269.00 | 216.35 | 228764 | 560.89 |
| 2015 | | | | | | | | |
| January | 260.20 | 225.00 | 49058 | 120.94 | 259.00 | 223.05 | 137338 | 336.74 |
| February | 244.50 | 210.00 | 12731 | 29.11 | 246.90 | 210.05 | 26187 | 59.33 |
| March | 219.30 | 174.60 | 22849 | 45.49 | 222.95 | 180.05 | 33917 | 69.06 |

SESHASAYEE PAPER AND BOARDS LIMITED

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

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



- (xvi) Distribution of shareholding as on March 31, 2015 :

| Distribution | No. of Shareholders | % of Shareholders | No. of Shares | % of Shareholding |
|-----------------|---------------------|-------------------|--------------------|-------------------|
| 1 - 100 | 8917 | 74.80 | 399701 | 3.17 |
| 101 - 200 | 1592 | 13.36 | 242473 | 1.92 |
| 201 - 500 | 920 | 7.72 | 295610 | 2.34 |
| 501 - 1000 | 238 | 2.00 | 175544 | 1.39 |
| 1001 - 5000 | 178 | 1.49 | 366542 | 2.91 |
| 5001 - 10000 | 34 | 0.29 | 245978 | 1.95 |
| 10001 and above | 41 | 0.34 | 10887780 | 86.32 |
| Total | 11 920 | 100.00 | 1 26 13 628 | 100.00 |

SESHASAYEE PAPER AND BOARDS LIMITED

(xvii) Pattern of shareholding as on March 31, 2015 :

| Category | No. of Shareholders | Voting strength % | No. of Shares held |
|---|---------------------|-------------------|--------------------|
| Individuals | 11 582 | 20.91 | 26 37 159 |
| Companies | 218 | 44.90 | 56 63 392 |
| FII's, NRIs, OCBs | 98 | 15.80 | 19 92 933 |
| Mutual Funds, Insurance Companies and Banks | 16 | 0.02 | 2 968 |
| FIs | 6 | 18.37 | 23 17 176 |
| Total | 11 920 | 100.00 | 1 26 13 628 |

(xviii) Top 10 Shareholders of the Company as on March 31, 2015 :

| Sl No. | Names | No. of Shares | % |
|--------|---|------------------|--------------|
| 1 | The Tamilnadu Industrial Investment Corporation Limited | 18 00 000 | 14.27 |
| 2 | Ponni Sugars (Erode) Ltd | 17 68 181 | 14.02 |
| 3 | Synergy Investments Pte Ltd | 15 47 695 | 12.27 |
| 4 | Time Square Investments Private Ltd | 13 57 621 | 10.76 |
| 5 | Dhanashree Investments Private Ltd | 5 86 589 | 4.65 |
| 6 | Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust | 5 68 181 | 4.50 |
| 7 | Life Insurance Corporation of India | 5 15 576 | 4.09 |
| 8 | Coromandel Sugars Limited | 4 74 463 | 3.76 |
| 9 | Hridaynath Consultancy Private Ltd | 4 74 043 | 3.76 |
| 10 | Atyant Capital Management Ltd | 3 86 128 | 3.06 |
| | Total | 94 78 477 | 75.14 |

(xix) Plant Locations :

Unit : Erode

Pallipalayam
Namakkal District
Cauvery RS PO
Erode
638 007
Tamilnadu

Unit : Tirunelveli

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

(xx) Address for correspondence :

Seshasayee Paper and Boards Limited
Pallipalayam, Namakkal District,
Cauvery RS PO
Erode 638 007,
Tamilnadu
CIN : L21012TZ1960PLC000364
Ph : (91)(4288)240 221 - 228
Fax : (91)(4288)240 229
Email : edoff@spbltd.com
investor@spbltd.com
Website : www.spbltd.com

—SESHASAYEE PAPER AND BOARDS LIMITED—

SURI & CO.,
CHARTERED ACCOUNTANTS

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

MAHARAJ N R SURESH AND 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, 2015, 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 Stakeholders relationship Committee.

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

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

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

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

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2015

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 03 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and Rules 12 (1) of the Companies (Management and Administration) Rule, 2014]

I. REGISTRATION AND OTHER DETAILS :

- (i) CIN : L21012TZ1960PLC000364
- (ii) Registration Date : 22 06 1960
- (iii) Name of the Company : Seshasayee Paper and Boards Limited
- (iv) Category / Sub-Category of the Company : Non Government Company Limited by Shares
- (v) Address of the Registered office and contact details : Sri V Pichai
Deputy Managing Director & Secretary
Seshasayee Paper and Boards Limited
Pallipalayam, Cauvery RS PO
Erode 638 007, Namakkal District
- (vi) Whether listed Company : Yes
- (vii) Name, address and Contact details of Registrar and Transfer Agent, if any : Sri K Suresh Babu
Senior Vice President
M/s Integrated Enterprises (India) Ltd
Kences Towers, II Floor
No.1 Ramakrishna Street
North Usman Road, T Nagar
Chennai 600 017

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the Company shall be stated :

| Sl.No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the Company |
|--------|--|-----------------------------------|------------------------------------|
| 1 | Writing & Printing Paper | 1701 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

| Sl. No. | Name and Address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|----------------|---|---------------------------|---|-------------------------|------------------------------------|
| 1 | M/s Esvi International (Engineers & Exporters) Limited Esvin House Old Mahabalipuram Road Perungudi Chennai 600 096 | U51909TN19 78PTC007495 | Subsidiary | 100 | 2(87) of Companies Act, 2013 |
| 2 | M/s Ponni Sugars (Erode) Limited Esvin House Old Mahabalipuram Road Perungudi Chennai 600 096 | L15422TN19 96PLC037200 | Associate | 24.19 | 2(6) of Companies Act, 2013 |

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) :

(i) Category-wise shareholding

| Category of shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|--|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Shareholding of Promoter and Promoter Group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual / HUF | 18442 | 0 | 18442 | 0.15 | 18352 | 0 | 18352 | 0.15 | |
| (b) Central / State Government | -- | -- | -- | -- | -- | -- | -- | -- | |
| (c) Bodies Corporate | 3890088 | 0 | 3890088 | 30.84 | 3910288 | 0 | 3910288 | 31.00 | |
| (d) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | |
| (e) Any other (specify) | -- | -- | -- | -- | -- | -- | -- | -- | |
| Sub-Total (A) (1) | 3908530 | 0 | 3908530 | 30.99 | 3928640 | 0 | 3928640 | 31.15 | 0.16 |
| (2) Foreign | | | | | | | | | |
| (a) NRIs-Individuals | -- | -- | -- | -- | -- | -- | -- | -- | |
| (b) Bodies Corporate | 1547695 | 0 | 1547695 | 12.27 | 1547695 | 0 | 1547695 | 12.27 | |
| (c) Institutions | -- | -- | -- | -- | -- | -- | -- | -- | |
| (d) Qualified Foreign Investor | -- | -- | -- | -- | -- | -- | -- | -- | |
| (e) Any other (specify) | -- | -- | -- | -- | -- | -- | -- | -- | |
| Sub-Total (A) (2) | 1547695 | 0 | 1547695 | 12.27 | 1547695 | 0 | 1547695 | 12.27 | |
| Total Shareholding of Promoter & Promoter Group(A)=(A)(1)+(A)(2) | 5456225 | 0 | 5456225 | 43.26 | 5476335 | 0 | 5476335 | 43.42 | 0.16 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| (a) Mutual Funds / UTI | 0 | 1000 | 1000 | 0.01 | 0 | 1000 | 1000 | 0.01 | |
| (b) Banks / FI | 150 | 3618 | 3768 | 0.03 | 150 | 3418 | 3568 | 0.03 | |
| (c) Central / State Government | 0 | 1800000 | 1800000 | 14.27 | 0 | 1800000 | 1800000 | 14.27 | |
| (d) Venture Capital Funds | -- | -- | -- | -- | -- | -- | -- | -- | |
| (e) Insurance Companies | 515576 | 0 | 515576 | 4.09 | 515576 | 0 | 515576 | 4.09 | |
| (f) Foreign Institutional Investors | 386128 | 100 | 386228 | 3.06 | 0 | 100 | 100 | 0.00 | |
| (g) Foreign Venture Capital Investors | -- | -- | -- | -- | -- | -- | -- | -- | |
| (h) Qualified Foreign Investor | -- | -- | -- | -- | -- | -- | -- | -- | |
| (i) Any other (specify) | -- | -- | -- | -- | -- | -- | -- | -- | |
| Sub-Total (B) (1) | 901854 | 1804718 | 2706572 | 21.46 | 515726 | 1804518 | 2320244 | 18.39 | - 3.07 |

(i) Category-wise shareholding (contd.)

| Category of shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|---|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| 2. Non Institutions | | | | | | | | | |
| (a) Bodies Corporate (Indian) | 648364 | 35130 | 683494 | 5.42 | 1147801 | 26815 | 1174616 | 9.31 | |
| (b) Individuals (Resident / NRI / Foreign National) | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto ₹1 lakh | 986253 | 597043 | 1583296 | 12.55 | 1015098 | 567721 | 1582819 | 12.55 | |
| (ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 1584548 | 19506 | 1604054 | 12.72 | 1075492 | 19506 | 1094998 | 8.68 | |
| (c) Qualified Foreign Investor | -- | -- | -- | -- | -- | -- | -- | -- | |
| (d) Any other (specify) | | | | | | | | | |
| Clearing Member | 11806 | 568181 | 579987 | 4.60 | 396435 | 568181 | 964616 | 7.65 | |
| Sub-Total (B) (2) | 3230971 | 1219860 | 4450831 | 35.29 | 3634826 | 1182223 | 4817049 | 38.19 | 2.90 |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | 4132825 | 3024578 | 7157403 | 56.74 | 4150552 | 2986741 | 7137293 | 56.58 | - 0.16 |
| (c) Share held by Custodian for GDRs & ADRs | -- | -- | -- | -- | -- | -- | -- | -- | |
| Grand Total (A+B+C) | 9589050 | 3024578 | 12613628 | 100.00 | 9626887 | 2986741 | 12613628 | 100.00 | |

(ii) Shareholding of Promoters :

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in share holding during the year |
|---------|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total shares of the Company | % of shares pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % of shares pledged / encumbered to total shares | |
| 1 | Dhanashree Investments Private Limited | 583604 | 4.63 | 0 | 586589 | 4.66 | 0 | 0.03 |
| 2 | High Energy Batteries (India) Limited | 10329 | 0.08 | 0 | 10329 | 0.08 | 0 | 0.00 |
| 3 | SPB Projects and Consultancy Limited | 2272 | 0.02 | 0 | 2272 | 0.02 | 0 | 0.00 |
| 4 | Time Square Investments Private Limited | 1340406 | 10.63 | 0 | 1357621 | 10.76 | 0 | 0.13 |
| 5 | Ultra Investments and Leasing Co.Pvt Ltd | 185296 | 1.47 | 0 | 185296 | 1.47 | 0 | 0.00 |
| 6 | Ponni Sugars (Erode) Limited | 1768181 | 14.02 | 0 | 1768181 | 14.02 | 0 | 0.00 |
| 7 | Synergy Investments Pte Limited | 1547695 | 12.27 | 0 | 1547695 | 12.27 | 0 | 0.00 |
| 8 | N Gopalaratnam | 9231 | 0.07 | 0 | 9231 | 0.07 | 0 | 0.00 |
| 9 | K S Kasi Viswanathan | 582 | 0.00 | 0 | 582 | 0.00 | 0 | 0.00 |
| 10 | V Pichai | 8539 | 0.07 | 0 | 8539 | 0.07 | 0 | 0.00 |
| 11 | Arun G Bijur * | 90 | 0.00 | 0 | 0 | 0.00 | 0 | 0.00 |
| | Total | 5456225 | 43.26 | 0 | 5476335 | 43.42 | 0 | 0.16 |

* Date of Cessation 23 08 2014.

(iii) Change in Promoter's Shareholding (please specify, if there is no change)

| Sl.No | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Dhanashree Investments Private Limited | | | | |
| | At the beginning of the year | 583604 | 4.63 | | |
| | Date wise increase / decrease in Promoter Shareholding during the year | | | | |
| | 20 06 2014 | 54 | 0.00 | 583658 | 4.63 |
| | 30 06 2014 | 2200 | 0.02 | 585858 | 4.66 |
| | 25 07 2014 | 731 | 0.01 | 586589 | 4.66 |
| | Closing Balance as on 31 03 2015 | | | 586589 | 4.66 |
| 2 | Time Square Investments Private Limited | | | | |
| | At the beginning of the year | 1340406 | 10.63 | | |
| | Date wise increase / decrease in Promoter Shareholding during the year | | | | |
| | 30 06 2014 | 12590 | 0.10 | 1352996 | 10.73 |
| | 22 08 2014 | 4105 | 0.03 | 1357101 | 10.76 |
| | 12 09 2014 | 520 | 0.00 | 1357621 | 10.76 |
| | Closing Balance as on 31 03 2015 | | | 1357621 | 10.76 |
| 3 | Arun G Bijur * | | | | |
| | At the beginning of the year | 90 | 0.00 | -- | -- |
| | Date wise increase / decrease in Promoter Shareholding during the year | | | | |
| | Closing Balance as on 31 03 2015 | | | -- | -- |

* Date of Cessation 23 08 2014.

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl.No | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | The Tamilnadu Industrial Investment Corporation Limited | | | | |
| | At the beginning of the year | 1800000 | 14.27 | | |
| | At the end of the year | | | 1800000 | 14.27 |
| 2 | Sri A L Somayaji, Managing Trustee, SPB Equity Shares Trust | | | | |
| | At the beginning of the year | 568181 | 4.50 | | |
| | At the end of the year | | | 568181 | 4.50 |
| 3 | Life Insurance Corporation of India | | | | |
| | At the beginning of the year | 515576 | 4.08 | | |
| | At the end of the year | | | 515576 | 4.08 |
| 4 | Coromandel Sugars Limited | | | | |
| | At the beginning of the year | 474463 | 3.76 | | |
| | At the end of the year | | | 474463 | 3.76 |
| 5 | Sri C K Pithawalla | | | | |
| | At the beginning of the year | 474043 | 3.75 | | |
| | 27 03 2015 | (-) 474043 | 3.75 | | |
| | At the end of the year | | | 0 | 0.00 |
| 6 | Atyant Capital Management Limited A/c Atyant Capital India Fund I | | | | |
| | At the beginning of the year | 386128 | 3.06 | | |
| | At the end of the year | | | 386128 | 3.06 |
| 7 | Mrs Pushpa Devi Saraogi | | | | |
| | At the beginning of the year | 224999 | 1.78 | | |
| | At the end of the year | | | 224999 | 1.78 |
| 8 | Mrs Usha Devi Saraogi | | | | |
| | At the beginning of the year | 224990 | 1.78 | | |
| | At the end of the year | | | 224990 | 1.78 |

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) (Contd.)

| Sl.No | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 9 | Sri Virander Kumar | | | | |
| | At the beginning of the year | 99259 | 0.78 | | |
| | 20 06 2014 | (-) 99259 | (-) 0.78 | | |
| | At the end of the year | | | 0 | 0.00 |
| 10 | Sri Vinod Kumar Saraogi | | | | |
| | At the beginning of the year | 97500 | 0.77 | | |
| | At the end of the year | | | 97500 | 0.77 |
| 11 | Sri Prakash Kumar Saraogi | | | | |
| | At the beginning of the year | 97500 | 0.77 | | |
| | At the end of the year | | | 97500 | 0.77 |
| 12 | Hridaynath Consultancy Private Limited | | | | |
| | At the beginning of the year | 0 | 0.00 | | |
| | At the end of the year | | | 474043 | 3.75 |

(v) Shareholding of Directors and Key Managerial Personnel :

| Sl.No | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Sri N Gopalaratnam | | | | |
| | At the beginning of the year | 9231 | 0.07 | | |
| | At the end of the year | | | 9231 | 0.07 |
| 2 | Sri K S Kasi Viswanathan | | | | |
| | At the beginning of the year | 582 | 0.00 | | |
| | At the end of the year | | | 582 | 0.00 |
| 3 | Sri V Pichai | | | | |
| | At the beginning of the year | 8539 | 0.07 | | |
| | At the end of the year | | | 8539 | 0.07 |

V. INDEBTENDNESS :

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

| | Secured Loans excluding deposits (₹ lakhs) | Unsecured Loans (₹ lakhs) | Deposits (₹ lakhs) | Total Indebtedness (₹ lakhs) |
|---|---|--------------------------------------|-------------------------------|---|
| Indebtedness at the beginning of the financial year | | | | |
| (i) Principal Amount | 18339.00 | -- | -- | 18339.00 |
| (ii) Interest due but not paid | -- | -- | -- | -- |
| (iii) Interest accrued but not due | 63.18 | -- | -- | 63.18 |
| Total (i)+(ii)+(iii) | 18402.18 | -- | -- | 18402.18 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 800.00 | -- | -- | 800.00 |
| Reduction | 2485.13 | -- | -- | 2485.13 |
| Net Change | 1685.13 | -- | -- | 1685.13 |
| Indebtedness at the end of the financial year | | | | |
| (i) Principal Amount | 16662.50 | -- | -- | 16662.50 |
| (ii) Interest due but not paid | -- | -- | -- | -- |
| (iii) Interest accrued but not due | 54.55 | -- | -- | 54.55 |
| Total (i)+(ii)+(iii) | 16717.05 | -- | -- | 16717.05 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

A Remuneration to Managing Director, Whole-time Directors and / or Manager :

| Sl. No | Particulars of Remuneration | Name of MD / WTD/ Manager | | | Total Amount |
|--------|---|--------------------------------|-----------------------------------|--|--------------|
| | | Sri N Gopalaratnam Chairman | Sri K S Kasi Viswanathan MD | Sri V Pichai Deputy MD & Secretary | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 4200000 | 3600000 | 3600000 | 11400000 |
| | (b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961 | 10000 | 452750 | 457586 | 920336 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | -- | -- | -- | -- |
| 2 | Stock Option | -- | -- | -- | -- |
| 3 | Sweat Equity | -- | -- | -- | -- |
| 4 | Commission | | | | |
| | - as % of profit | 2100000 | 1800000 | 1800000 | 5700000 |
| | - others, specify | | | | |
| 5 | Others, please specify | | | | |
| | (i) Provident Fund | 504000 | 432000 | 432000 | 1368000 |
| | (ii) Superannuation Fund | 630000 | 540000 | 540000 | 1710000 |
| | (iii) Gratuity Premium | 226974 | 175417 | 190598 | 592989 |
| | Total (A) | 7670974 | 7000167 | 7020184 | 21691325 |
| | Ceiling as per the Act | | | | 27800973 |

B Remuneration to other Directors :

| Sl. No | Particulars of Remuneration | Name of Directors | | | | | |
|--------|--|-------------------|------------------------|-------------------------|----------------------|-----------------------|--------------|
| 1 | Independent Directors | Sri R V Gupta | Dr S Narayan | Sri V Sridar | Sri A L Somayaji | Dr Nanditha Krishna | Total Amount |
| | a) Fee for attending Board / Committee Meeting | 110000 | 110000 | 240000 | 30000 | 20000 | 510000 |
| | b) Commission | 300000 | 300000 | 300000 | 150000 | 150000 | 1200000 |
| | c) Others, Please specify | -- | -- | -- | -- | -- | -- |
| | Total (1) | 410000 | 410000 | 540000 | 180000 | 170000 | 1710000 |
| 2 | Other Non-Executive Directors | Sri Arun G Bijur | Sri Bimal Kumar Poddar | Sri Hans Raj Verma, IAS | Smt Philomina Thomas | Sri S K Prabakar, IAS | Total Amount |
| | a) Fee for attending Board / Committee Meeting | 50000 | 40000 | 10000 # | 30000 | -- | 130000 |
| | b) Commission | 125000 | 125000 | 300000 # | 150000 \$ | 300000* | 1000000 |
| | c) Others, Please specify | -- | -- | -- | -- | -- | -- |
| | Total (2) | 175000 | 165000 | 310000 | 180000 | 300000 | 1130000 |
| | Total (B)=(1+2) | 585000 | 575000 | 850000 | 360000 | 470000 | 2840000 |
| | Total Managerial Remuneration (A+B) | | | | | | 24531325 |
| | Overall ceiling as per Act | | | | | | 30581070 |

Paid to Government of Tamilnadu / \$ Paid to Life Insurance Corporation of India

* Paid to The Tamilnadu Industrial Investment Corporation Limited.

C Remuneration to Key Managerial Personnel other than MD / Manager / WTD : NIL

| Sl. No | Particulars of Remuneration | Key Managerial Personnel | | | |
|--------|---|--------------------------|-------------------|-----|--------------|
| | | CEO | Company Secretary | CFO | Total Amount |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | | | | |
| | (b) Value of perquisites under section 17(2) of the Income-tax Act, 1961 | | | | |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | | | | |
| 2 | Stock Option | | | | |
| 3 | Sweat Equity | | | | |
| 4 | Commission | | | | |
| | - as % of profit | | | | |
| | - others, specify | | | | |
| 5 | Others, please specify | | | | |
| | Total | | | | |
| | Ceiling as per the Act | | | | |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment Compounding fees imposed | Authority [RD / NCLT / Court] | Appeal made if any (give details) |
|--|------------------------------|-------------------|---|----------------------------------|---|
| A COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

FORM NO. AOC - 2

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.

- 1 Details of contracts or arrangements or transactions not at arm's length basis.

NIL

- 2 Details of material contracts or arrangement or transactions at arm's length basis.

- (a) Name(s) of the related party and nature of relationship.

- (i) Control :

Esvi International (Engineers & Exporters) Limited

SPB Equity Shares Trust

- (ii) Presumption of significant influence :

Ponni Sugars (Erode) Limited

SPB Projects and Consultancy Limited

Time Square Investments Private Limited

Dhanshree Investments Private Limited

Ultra Investments and Leasing Company Private Limited

- (iii) Key Managerial Personnel :

Sri N Gopalaratnam, Chairman

Sri K S Kasi Viswanathan, Managing Director

Sri V Pichai, Deputy Managing Director & Secretary

- (b) Nature of contracts / arrangements / transactions :

Details of transactions with the above related parties are provided in Note No. 30 to the Accounts for the Financial year 2014-15.

It may be seen therefrom that the total value of transactions with all related parties are less than 10% of the total income for the Financial Year 2014-15 and hence, none of them are material in nature.

Hence, the details required in paras (c) to (e) to be furnished in respect of material related party transactions are not applicable and hence not furnished.

- (c) Amount paid as advances, if any.

NIL

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

**(Section 134(3)(m) of the Companies Act, 2013, read with
Rule 8(3) of the Companies (Accounts) Rules, 2014)**

A. CONSERVATION OF ENERGY

i) Steps taken / impact on conservation of energy:

Unit : Erode

- ◇ Optimisation of Thermal efficiency of Boiler and cost of Steam through use of most suitable coal.
- ◇ Redesigning the DP Control valve to enhance feed water flow capability to 117 TPH and lowering power consumption on a continuous basis.
- ◇ Increased Green Energy (Power and Steam) through increased firing of Black Liquor Solids in Chemical Recovery Boiler.

Unit : Tirunelveli

- ◇ Installation of Variable Frequency Drive for secondary Centri Cleaner Pulp.
 - ◇ Installation of CFL lamps in the place of Metal Halide and Sodium Vapour lamps.
- Impact of the above measures :
- Reduction in energy consumption and consequent impact on the cost of production.

ii) Steps taken for utilising alternate sources of energy:

Unit : Erode

- ◇ The Chemical Recovery Boiler with 16 MW Turbo Alternator is working on 100% Green Fuel, viz., Black Liquor Solids generated in the process of manufacture of Pulp.

Unit : Tirunelveli

- ◇ Use of Bio-fuel to the extent of 85% in the 6.5 MW Captive Power Plant.

(iii) Capital investment on energy conservation equipment:

Unit : Erode

- ◇ High energy efficient Boiler Feed Pump along with low DP Control Valve ordered to reduce station power consumption in Chemical Recovery Boiler.
- ◇ Power generation enhancement in 21 MW STG through Demineralised Boiler water pre-heating in Generator Air Cooler.
- ◇ PHE of CPU Centre in Boiler House augmentation with additional thermal plates, as also strengthening insulation of connecting condensate lines and equipment, leading to marginal saving in steam consumption.
- ◇ Performance up-gradation of De-aerator relating to lowered steam consumption and enhanced feed water de-aeration.
- ◇ Retrofit of 21 MW Captive Power Plant to achieve higher thermal efficiency and generation of steam (Retrofit in progress)

Unit : Tirunelveli

- ◇ Replacement of Slip Ring Motor of ID Fan (280 KW) by Squirrel Cage Induction Motor with Variable Frequency Drive.
- ◇ Operation of Feed Water Pump at Boiler with Variable Frequency Drive.

B. TECHNOLOGY ABSORPTION

i) Efforts made towards technology absorption

Unit : Erode

- ◇ Introduction of new wood raw material, viz., MeliaDubia in the pulping process on regular basis.
- ◇ Development of new products such as Envelope Paper, Band Roll Paper for Security Press and Azurelaid DLX.
- ◇ Introduction of Pigment Dyes in Yankee Machine to improve colour stability.
- ◇ Introduction of Binary Sizing for Bristol Paper (Y) using Direct Yellow Dye.
- ◇ Optimisation of sizing chemical by varying concentration to improve machine runnability.
- ◇ Introduction of higher viscosity Oxidised Starch in Paper Machines 1-4 to improve surface strength.
- ◇ Introduction of indigenous GCC in place of imported GCC to reduce cost.
- ◇ Conducting various Plant trials with different Polymers Additives for improving surface properties of paper.

Unit : Tirunelveli

- ◇ Installation of Film Press (project under implementation)
- ◇ Change of QCS with colour control on line and CD Caliper indication and control. (project under implementation)
- ◇ Paper quality improvement through starch spraying

- ◇ De-bottlenecking in Stock Preparation and Paper Machine for production and productivity improvement.

ii) Benefits derived like product, cost reduction, product development or import substitution :

Unit : Erode

- ◇ Introduction of indigenous GCC reduced the Filler Cost.
- ◇ Introduction of Binary Sizing in Bristol Paper Yellow variety reduced sizing chemicals cost in MG varieties.
- ◇ Introduction of new Pigment Blue for colour printing papers yielded Dye cost saving.
- ◇ Introduction of Pigment Dyes improved the light fastness and shade of White Posters from Yankee Paper Machine.

Unit : Tirunelveli

- ◇ Replacement of Basic Dye with Pigment Dye and Starch spraying on paper led to elimination of mottling problem in paper, improvement in shade permanence in paper, improvement in optical properties, improvement in paper cobb and fluff values and improvement in strength properties.

iii) Imported technology :

Nil

iv) Expenditure incurred on Research & Development :

₹ 32.89 lakhs

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

| | | 2014-15 | 2013-14 |
|----------|---|-----------|---------|
| | | (₹ lakhs) | |
| Earnings | — | 11 980 | 11 540 |
| Outgo | — | 24 002 | 22 571 |

REPORT ON CSR ACTIVITIES

- 1 A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

The Company is engaged in pulp and paper sector that is agro based. It is rurally located and has been a value creator for thousands of farmers as well as skilled / semi-skilled labour in its neighbourhood. It is deeply committed to promoting rural development and contributing to inclusive growth.

The Company has been pursuing social objectives for long in the interest of rural welfare. It runs two higher education schools benefitting all the children in the neighbourhood. It promoted and continues to support the establishment of 3 Lift Irrigation Schemes to bring nearly 1 500 acres of dry lands under irrigation and crop cultivation, using our treated trade effluents, thus turning a waste into wealth. It provides drinking water to nearby villages. It runs three Primary Health Centres in nearby villages which are equipped with qualified doctor and para medical staff. Medicines are distributed free of cost. Medical camps covering varied areas are conducted with the support of accredited hospitals.

As a responsible corporate citizen, the company has evolved a CSR policy and is pursuing the CSR activities in letter and spirit.

CSR Policy

The Company formed a CSR Committee of the Board. It has formulated a CSR Policy that has been approved by the Board, laying

stress on CSR activities to be undertaken in its neighbourhood. The Company's focussed programmes are in the field of community development, water, sanitation, education, health, rural infrastructure and technical training. Its ongoing CSR activities would get aligned to the CSR policy.

The CSR policy has been posted on the website of the company - www.spbltd.com

- 2 The Composition of the CSR Committee.
 - Sri N Gopalaratnam, Chairman
 - Sri V Sridar, Independent Director
 - Sri K S Kasi Viswanathan, Managing Director
 - Sri V Pichai, Deputy Managing Director & Secretary
- 3 Average net profit of the Company for last three financial years.

₹ 3422 lakhs
- 4 Prescribed CSR Expenditure (two percent of the amount as in item 3 above).

₹ 68.44 lakhs
- 5 Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year;

₹ 68.44 lakhs
 - (b) Amount unspent, if any;

Nil

(c) Manner in which the amount spent during the financial year is detailed below.

| | | | ₹ lakhs |
|---|--|---|--------------|
| 1 | Expenditure on running and maintenance of Schools | : | 52.59 |
| 2 | Expenses on running and maintenance of Primary Health Centres | : | 10.38 |
| 3 | Contribution to educational assistance to deserving students, medical assistance, medical camps, etc., | : | 16.94 |
| | Total | | 79.91 |

- 6 In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not Applicable.

- 7 A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance

with CSR objectives and Policy of the Company.

Responsibility Statement :

Certified that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-

(N Gopalaratnam)
Chairman of CSR Committee

**Disclosure under the Companies (Appointment and
Remuneration of Managerial Personnel) Rules, 2014**

(A) Statement of particulars of remuneration as per Rule 5(1)

| Sl No. | Description | | | |
|--------|---|---|---|--------|
| 1 | The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year | Chairman Managing Director (MD) Deputy Managing Director & Secretary (DMD&S) | 23:1 21:1 21:1 | Note-1 |
| 2 | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year | Chairman MD DMD&S | 38% 42% 43% | Note-2 |
| 3 | The percentage increase in the median remuneration of employees in the financial year | | 3% | |
| 4 | The number of permanent employees on the rolls of Company | | 1443 | |
| 5 | The explanation on the relationship between average increase in remuneration and Company performance | Salary increase Company performance (increase in PAT) | 6% (-)-35% | Note-3 |
| 6 | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company | KMP Salary increase Company performance (increase in PAT) | 41% (-)-35% | Note-3 |
| 7 | Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year | Market capitalization : 2014-15 BSE 2013-14 BSE Variation in market capitalisation BSE P/E Ratio (based on BSE quotes) 2014-15 2013-14 Variation in P/E Ratio | ₹ crores 233.86 229.57 4.29 13.48 8.57 4.91 | Note-4 |

| SI No. | Description | | | |
|--------|--|---|-----------------------------|--------|
| 8 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Average increase in the salary of employees other than managerial persons Managerial remuneration | 2.01 41 | Note-5 |
| 9 | Comparison of each remuneration of the Key Managerial Personnel against the performance of the company | Chairman MD CFO Increase in PAT | 38% 42% 43% (-)35% | |
| 10 | The key parameters for any variable component of remuneration availed by the Directors | Whole-time Directors : Commission equal to 1% of the net profits, subject to a ceiling of annual salary. | | |
| | | In the event of loss or inadequacy of profits in any financial year, Special Allowance of 50% of annual salary is payable and no commission is payable in such years. | | |
| | | Non Whole-time Directors | | |
| | | Commission restricted to 1% of the net profits subject to a ceiling of ₹ 3 lakhs per Director per year. | | |
| 11 | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | NIL | | |
| 12 | Affirmation that the remuneration is as per the remuneration policy of the company | Yes. Remuneration is as per the remuneration policy of the Company. | | |

Notes:

- Chairman, MD and DMD&S are the Whole-time Directors and others are Non Whole-time Directors, who are paid only sitting fee for attending meetings of the Board and Committees thereof and Commission as detailed in point No.10 above. Hence, ratio provided only for Whole-time Directors.

- 2 Revision in remuneration is done once in three years. It was revised from April 2014. Hence, there is an increase in remuneration as compared to previous year.
- 3 The lower operating profit during the year is in entirety are attributable to natural and macro economic factors beyond the control of KMPs and other employees. Hence, remuneration levels and periodic increases have no direct correlation to the Company performance, but are determined in the normal course of business and in line with industry norms.
- 4 The Company did not come out with Public offer in the recent past.
- 5 Salaries of KMP were revised in the Financial Year 2014-15. Discussions with Labour Unions / Staff Association are in progress with regard to the long term agreement on wages / salary and other benefits for other employees.

(B) Statement of particulars of employees as per Rule 5(2) & (3)

| SI No. | Description | Particulars | | |
|--------|------------------------------------|---|--|---|
| 1 | Name of the employee | Sri N Gopalaratnam | Sri K S KasiViswanathan | Sri V Pichai |
| | Designation | Chairman | Managing Director | Deputy Managing Director & Secretary |
| 2 | Remuneration received | ₹ 76.71 lakhs | ₹ 70.00 lakhs | ₹ 70.20 lakhs |
| 3 | Nature of employment | Contractual | Contractual | Contractual |
| 4 | Qualification & experience | B. Sc., B. E. (Mech.) 46 years | B. Tech., MMA 40 years | B. Com., A.C.A., A.C.S., CAIIB 45 years |
| 5 | Date of commencement of employment | 01 04 1988 | 13 03 1991 | 12 06 1980 |
| 6 | Age of such employee | 68 | 64 | 67 |
| 7 | Last employment | Project Specialist SPB Projects & Consultancy Limited | Project Coordinator SPB Projects & Consultancy Limited | Manager Indian Bank |
| 8 | % of Equity shares held | Negligible (9231) | Negligible (582) | Negligible (8539) |
| 9 | Relationship with any Director | Not a relative of any Director of the Company | Not a relative of any Director of the Company | Not a relative of any Director of the Company |

Note: Gross remuneration includes salary, incentive, perquisites and Company's contribution to retirement benefits.

Chennai
May 30, 2015

For Board of Directors
(N GOPALARATNAM)
Chairman

B.K.SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.
B. KALYANASUNDARAM,
B.Com., AICWA., ACS.,

OFFICE:
30, PANDAMANGALAM AGRAHARAM,
WORIUR, TRICHY-620003.
PHONE:0431-2761590.

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,

The Members

M/s. SESHASAYEE PAPER AND BOARDS
LIMITED
Pallipalayam, Erode 638 007

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Seshasayee Paper and Boards Limited, Pallipalayam, Erode 638 007 (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s Seshasayee Paper and Boards Limited (the Company) and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the

financial year ended on 31st March 2015, according to the provisions of:

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable clauses of the 'The Listing Agreements' entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act,

Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the year under report, the Company did not attract the provisions of :

- (i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in

the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company had no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

For B.K. SUNDARAM & ASSOCIATES
Company Secretary

Sd/-

(B. KALYANASUNDARAM)
Company Secretary
ACS No. A672. CP. No. 2209

Place: Tiruchirapalli
Date : 17 05 2015

SURI & CO.,
CHARTERED ACCOUNTANTS

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

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

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based

on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in the Paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the Directors as on 31st March 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2015 from being appointed as a Director in terms of Section 164 (2) of the Act; and
 - (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 10(i)(a) to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

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

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2015

ANNEXURE TO INDEPENDENT AUDITORS' REPORT :

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- (ii) (a) The Management has carried out physical verification of inventory at reasonable intervals.
- (b) The procedure of physical verification of inventory, followed by the management, is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured / unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) There is an adequate internal control system commensurate with the size of the

Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and no major weakness has been noticed in the internal control system.

- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of Cost Records under Section 148(1) of the Companies Act, 2013 and such accounts and records have been made and maintained.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.
 - (b) Details of dues of Value Added Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March 2015 on account of disputes are given below:

| Name of the Statute | Nature of dues | Amount ₹ lakhs | Forum where the dispute is pending | Period to which the dues belong |
|---------------------------------|-----------------------|-----------------------|---|--|
| Central Excise Act, 1944 | Excise Duty | 269.76 | CESTAT | February 2004 - March 2005 |
| - do - | - do - | 102.93 | - do - | May 2005 - June 2007 |
| - do - | - do - | 42.51 | - do - | February 2008 - December 2012 |
| - do - | - do - | 12.36 | - do - | March 2005 - June 2007 |
| - do - | - do - | 2.43 | Hon'ble High Court of Madras | 07.12.2008 |
| - do - | - do - | 4.56 | - do - | October - November 1996 |
| Kerala Value Added Tax Act 2003 | Value Added Tax | 0.69 | Deputy Commissioner (Appeals) | 2009-10 |
| Customs Act, 1962 | Customs Duty | 624.17 | CESTAT | March 2012 - January 2013 |
| - do - | - do - | 18.75 | - do - | 13.12.2002 |

- (c) The amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules thereunder, has been transferred to such fund within time.
- (viii) The Company has no accumulated losses as at March 31, 2015 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (ix) 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.
- (x) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Term loans borrowed by the Company were applied for the purpose for which the loans were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

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

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

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2015

SESHASAYEE PAPER AND BOARDS LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

| | Note No. | As at 31-3-2015 ₹ lakhs | As at 31-3-2014 ₹ lakhs |
|------------------------------------|----------|-------------------------------|-------------------------------|
| I EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| (a) Share Capital | 4 | 1261.36 | 1261.36 |
| (b) Reserves and Surplus | 5 | 38037.92 | 37151.53 |
| | | 39299.28 | 38412.89 |
| 2 Non Current Liabilities | | | |
| (a) Long Term Borrowings | 6(a) | 15757.48 | 19310.62 |
| (b) Deferred Tax Liabilities (net) | 6(b) | 10066.56 | 9260.02 |
| (c) Other Long Term Liabilities | 6(c) | 1551.95 | 1464.00 |
| (d) Long Term Provisions | 6(d) | 986.54 | 1119.78 |
| | | 28362.53 | 31154.42 |
| 3 Current Liabilities | | | |
| (a) Short Term Borrowings | 7(a) | 12605.45 | 16365.02 |
| (b) Trade Payables | 7(b) | 22557.83 | 17665.06 |
| (c) Other Current Liabilities | 7(c) | 5863.98 | 4586.36 |
| (d) Short Term Provisions | 7(d) | 1368.72 | 1171.44 |
| | | 42395.98 | 39787.88 |
| Total | | 110057.79 | 109355.19 |
| II ASSETS | | | |
| 1 Non Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 8(a) | 64711.57 | 66462.40 |
| (ii) Intangible Assets | 8(b) | 127.26 | 151.85 |
| (iii) Capital Work-in-Progress | 8(c) | 1339.74 | 909.33 |
| (b) Non Current Investments | 8(d) | 3199.44 | 3199.44 |
| (c) Long Term Loans and Advances | 8(e) | 2305.10 | 2319.14 |
| | | 71683.11 | 73042.16 |
| 2 Current Assets | | | |
| (a) Current Investments | 9(a) | 153.79 | 0.00 |
| (b) Inventories | 9(b) | 13442.35 | 11228.58 |
| (c) Trade Receivables | 9(c) | 12351.75 | 12045.21 |
| (d) Cash and Cash Equivalents | 9(d) | 1031.26 | 2996.05 |
| (e) Short Term Loans and Advances | 9(e) | 10633.33 | 9358.78 |
| (f) Other Current Assets | 9(f) | 762.20 | 684.41 |
| | | 38374.68 | 36313.03 |
| Total | | 110057.79 | 109355.19 |

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants
Chennai
May 30, 2015

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

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

N GOPALARATNAM
Chairman
V PICHAI
Deputy Managing
Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
A L SOMAYAJI
V SRIDAR
Directors
K S KASI VISWANATHAN
Managing Director

—SESHASAYEE PAPER AND BOARDS LIMITED—

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2015

| | Note No. | Year ended 31-3-2015 | | Year ended 31-3-2014 | |
|---|----------|-------------------------|------------------|-------------------------|------------------|
| | | ₹ lakhs | ₹ lakhs | ₹ lakhs | ₹ lakhs |
| I Revenue from operations : | | | | | |
| Sales and Other Operating Income | 11 | 106820.15 | | 106421.92 | |
| Less : Excise Duty | | <u>5408.25</u> | | <u>5336.87</u> | |
| | | | 101411.90 | | 101085.05 |
| II Other Income | 12 | | 584.56 | | 527.75 |
| III Total Revenue (I + II) | | | <u>101996.46</u> | | <u>101612.80</u> |
| IV Expenses : | | | | | |
| (a) Cost of Materials Consumed | 13 | | 57943.91 | | 54436.15 |
| (b) Purchase of Stock-in-Trade | 14 | | 2370.61 | | 2766.42 |
| (c) Changes in inventories of Finished Goods, Work-in- Process and Stock-in-Trade | 15 | | -234.66 | | 131.62 |
| (d) Employee benefits expense | 16 | | 6412.84 | | 5605.45 |
| (e) Finance Costs | 17 | | 3720.74 | | 3870.82 |
| (f) Depreciation and Amortisation expense | 8 | | 2929.46 | | 4897.49 |
| (g) Other Expenses | 18 | | 25990.84 | | 25780.93 |
| Total expenses | | | <u>99133.74</u> | | <u>97488.88</u> |
| V Profit before exceptional and extraordinary items and tax (III - IV) | | | 2862.72 | | 4123.92 |
| VI Exceptional items | | | 321.54 | | 0.00 |
| VII Profit before extraordinary items and tax (V - VI) | | | 2541.18 | | 4123.92 |
| VIII Extraordinary items | | | 0.00 | | 0.00 |
| IX Profit before Tax (VII - VIII) | | | 2541.18 | | 4123.92 |
| X Tax Expense : | | | | | |
| (a) Current Tax | 19 | 0.00 | | 0.00 | |
| (b) Deferred Tax | 20 | <u>806.54</u> | | <u>1444.89</u> | |
| | | | <u>806.54</u> | | <u>1444.89</u> |
| XI Profit for the period from continuing operations (IX - X) | | | 1734.64 | | 2679.03 |

— SESHASAYEE PAPER AND BOARDS LIMITED —

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2015 (Contd.)

| | Note No. | Year ended 31-3-2015 ₹ lakhs | Year ended 31-3-2014 ₹ lakhs |
|---|----------|------------------------------------|------------------------------------|
| XI Profit for the period from continuing operations (IX - X) | | 1734.64 | 2679.03 |
| XII Profit / Loss from discontinuing operations | | 0.00 | 0.00 |
| XIII Tax expense of discontinuing operations | | 0.00 | 0.00 |
| XIV Profit / Loss from discontinuing operations after tax (XII - XIII) | | 0.00 | 0.00 |
| XV Profit for the period (XI + XIV) | | <u>1734.64</u> | <u>2679.03</u> |
| XVI Earnings Per Equity Share : | | | |
| (a) Basic | 31 | 13.75 | 21.24 |
| (b) Diluted | 31 | 13.75 | 21.24 |

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants
Chennai
May 30, 2015

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

For Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S
N R Suresh
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N GOPALARATNAM
Chairman

V PICHAI
Deputy Managing
Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
A L SOMAYAJI
V SRIDAR
Directors
K S KASI VISWANATHAN
Managing Director

Notes forming part of the Balance Sheet as at 31st March 2015 and
Statement of Profit and Loss for the year ended 31st March 2015.

1 SIGNIFICANT ACCOUNTING POLICIES

a) General

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

b) Fixed Assets

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

c) Investments

Long term Investments are stated at cost.

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

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

d) Inventories

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

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

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

e) Government Grants

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

f) Borrowing Costs

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

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

g) Revenue and Expenditure Recognition

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

Revenue involving :

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

h) Intangible Assets

(i) General

Intangible assets are stated at cost less accumulated amortisation.

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

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

(ii) Research and Development

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

i) Foreign Exchange Transactions

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

Foreign currency Liabilities / Assets at the close of the year are restated, adopting the year end rates. The resultant difference, if any, is recognised as income or expense in the Statement of Profit and Loss.

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

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

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

j) Employee Benefits

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

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

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

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

k) Depreciation

Depreciation has been provided under Straight Line Method, in accordance with the provisions of Schedule II to the Companies Act, 2013.

l) Impairment of Assets

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

m) Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liabilities are disclosed, unless the possibility of any outflow in settlement is remote, in the notes on accounts.

Contingent Assets are neither recognised nor disclosed.

n) Lease

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

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

o) Taxes on Income

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

2 SEGMENT

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

3 REGROUPING OF FIGURES

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

| | As at 31-3-2015 ₹ lakhs | As at 31-3-2014 ₹ lakhs |
|---|-------------------------------|-------------------------------|
| 4 SHARE CAPITAL | | |
| AUTHORISED : | | |
| 4 00 00 000 - Equity Shares of ₹ 10 each | 4000.00 | 4000.00 |
| 3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each | 3000.00 | 3000.00 |
| | <u>7000.00</u> | <u>7000.00</u> |

**ISSUED, SUBSCRIBED AND FULLY
PAID UP :**

| | Value ₹ lakhs | Value ₹ lakhs |
|--|------------------|------------------|
| 1 26 13 628 - Equity Shares of ₹ 10 each, fully paid up | 1261.36 | 1261.36 |
| Total | <u>1261.36</u> | <u>1261.36</u> |

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

| | No. of Shares in lakhs | Value ₹ lakhs | No. of Shares in lakhs | Value ₹ lakhs |
|------------------------------|------------------------------|------------------|------------------------------|------------------|
| At the beginning of the year | 126.14 | 1261.36 | 112.50 | 1125.00 |
| Add : Issued during the year | 0.00 | 0.00 | 13.64 | 136.36 |
| At the end of the year | 126.14 | 1261.36 | 126.14 | 1261.36 |

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

| | No. of Shares in lakhs | % holding to Equity Capital | No. of Shares in lakhs | % holding to Equity Capital |
|--|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| (a) Tamilnadu Industrial Investment Corporation Limited | 18.00 | 14.27 | 18.00 | 14.27 |
| (b) Ponni Sugars (Erode) Limited | 17.68 | 14.02 | 17.68 | 14.02 |
| (c) Synergy Investments Pte Limited | 15.48 | 12.27 | 15.48 | 12.27 |
| (d) Time Square Investments (P) Limited | 13.58 | 10.76 | 13.40 | 10.63 |

- (iii) During the period of five years immediately preceding 31.03.2015, 13 63 628 equity shares of ₹ 10 each, fully paid up pursuant to a Scheme of Amalgamation of SPB Papers Limited with the Company were issued for consideration other than cash.

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2015 ₹ lakhs | ₹ lakhs | As at 31-3-2014 ₹ lakhs | ₹ lakhs |
|---|-------------------------------|-----------------|-------------------------------|-----------------|
| 5 RESERVES AND SURPLUS | | | | |
| Capital Reserve | | | | |
| As per last Balance Sheet | | 3715.95 | | 3715.95 |
| Securities Premium Account | | | | |
| As per last Balance Sheet | | 360.00 | | 360.00 |
| Other Reserves : | | | | |
| General Reserve | | | | |
| As per last Balance Sheet | 30000.00 | | 27500.00 | |
| Add: Amount transferred from Surplus in Statement of Profit and Loss | <u>1000.00</u> | | <u>2500.00</u> | |
| | | 31000.00 | | 30000.00 |
| Surplus in Statement of Profit and Loss | | | | |
| Balance as per Statement of Profit and Loss of the previous year | 3075.58 | | 3486.85 | |
| Profit for the year | <u>1734.64</u> | | <u>2679.03</u> | |
| | <u>4810.22</u> | | <u>6165.88</u> | |
| Less : | | | | |
| - Transfer to General Reserve | 1000.00 | | 2500.00 | |
| - MAT credit of prior period availed | 240.99 | | 0.00 | |
| - Proposed Equity Dividend - Amount per Equity Share ₹ 4 (Previous year - ₹ 4 per Equity Share) | 504.55 | | 504.55 | |
| - Tax on proposed Equity Dividend | <u>102.71</u> | | <u>85.75</u> | |
| | 1848.25 | | 3090.30 | |
| Net Surplus in Statement of Profit and Loss | | 2961.97 | | 3075.58 |
| Total Reserves and Surplus | | <u>38037.92</u> | | <u>37151.53</u> |

| | As at 31-3-2015 ₹ lakhs | ₹ lakhs | As at 31-3-2014 ₹ lakhs | ₹ lakhs |
|---|-------------------------------|---------|-------------------------------|---------|
| 6 NON CURRENT LIABILITIES | | | | |
| (a) Long Term Borrowings | | | | |
| (i) Term Loans from Banks - Secured | | | | |
| Unit: Erode : | | | | |
| Working Capital Term Loan | 937.50 | | 2187.50 | |
| Working Capital Term Loan, including its current maturities, is secured by hypothecation of Company's Captive Power Plant Assets of Boiler, Turbo Generator and their Auxiliaries at Unit-Erode. | | | | |
| Terms of repayment : | | | | |
| The Working Capital Term Loan is repayable in 8 equal quarterly installments of ₹ 312.50 lakhs each commencing from March 2015. | | | | |
| Period and amount of continuing default : Nil | | | | |
| Mill Development Plan II-Phase I-Term Loan | 800.00 | | | |
| Secured by : | | | | |
| (i) Hypothecation of Mill Development Plan II-Phase I assets at Unit: Erode | | | | |
| (ii) Mortgage of immovable properties of Unit: Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets) to the extent of ₹ 8500 lakhs. | | | | |
| Terms of repayment : | | | | |
| The loan is repayable in 24 equated quarterly installments with effect from April 01, 2017. | | | | |
| Period and amount of continuing default : Nil | | | | |
| Unit: Tirunelveli : | | | | |
| Term Loan | <u>11295.50</u> | | <u>13675.00</u> | |
| Term Loan, including its current maturities is secured by : | | | | |
| a) a charge, by way of mortgage of immovable properties of the company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit-Tirunelveli and | | | | |
| Carried over | <u>13033.00</u> | | <u>15862.50</u> | |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2015 ₹ lakhs | As at 31-3-2014 ₹ lakhs |
|---|-------------------------------|-------------------------------|
| Brought forward | 13033.00 | 15862.50 |
| b) hypothecation of movables, including movable plant and machinery and book debts of Unit-Tirunelveli. | | |
| Terms of repayment : | | |
| The loan is repayable in quarterly instalments of ₹ 541 lakhs from January 2014 to October 2015, ₹ 756.50 lakhs from January 2016 to October 2017, ₹ 865 lakhs from January 2018 to April 2019 and the balance ₹ 810 lakhs will be paid in July 2019. | | |
| Period and amount of continuing default : Nil | | |
| (ii) Other Loans and Advances : | | |
| Interest Free Sales Tax Loan - Unsecured | 2724.48 | 3448.12 |
| Terms of repayment : | | |
| Interest Free Sales Tax Deferral Loan is repayable over a period of ten years from 01 06 2013. | | |
| Period and amount of continuing default : Nil | | |
| | <u>15757.48</u> | <u>19310.62</u> |
| (b) Deferred Tax Liabilities (net) | 10066.56 | 9260.02 |
| Transfer to / (from) Deferred Tax is mainly on account of variation of allowances for tax purposes in : | <u>10066.56</u> | <u>9260.02</u> |
| Current year Upto 31-3-2015 ₹ lakhs ₹ lakhs | | |
| - Depreciation (+) 842.45 (-) 10166.61 | | |
| - Others (-) 35.91 (+) 100.05 | | |
| - Total (+) 806.54 (-) 10066.56 | | |
| (c) Other Long Term Liabilities | | |
| Trade Payables : | | |
| Security Deposit from Dealers | 1551.95 | 1464.00 |
| | <u>1551.95</u> | <u>1464.00</u> |
| (d) Long Term Provisions | | |
| Provision for Employee Benefits | 89.91 | 109.01 |
| Provision for Generation Tax | 896.63 | 1010.77 |
| | <u>986.54</u> | <u>1119.78</u> |

As at
31-3-2015
₹ lakhs ₹ lakhs

As at
31-3-2014
₹ lakhs ₹ lakhs

7 CURRENT LIABILITIES

(a) Short Term Borrowings

- (i) Working Capital Borrowings from Banks

| | | |
|----------------------|----------------|----------|
| Unit: Erode : | 8289.00 | 11436.16 |
|----------------------|----------------|----------|

Secured by :

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit: Erode and
- second charge, by way of mortgage of immovable properties of Unit-Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land, together with structures thereon and Captive Power Plant Assets) to the extent of ₹ 8500 lakhs

| | | |
|----------------------------|----------------|---------|
| Unit: Tirunelveli : | 4316.45 | 4928.86 |
|----------------------------|----------------|---------|

Secured by :

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit-Tirunelveli and
- second charge, on the fixed assets of Unit: Tirunelveli.

Period and amount of default : Nil

12605.45

16365.02

(b) Trade Payables

| | | |
|---------------------------------|-----------------|----------|
| Payables for Goods and Services | 22557.83 | 17665.06 |
|---------------------------------|-----------------|----------|

22557.83

17665.06

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2015 ₹ lakhs | ₹ lakhs | As at 31-3-2014 ₹ lakhs | ₹ lakhs |
|--|-------------------------------|---------|-------------------------------|---------|
| <i>Notes :</i> | | | | |
| The disclosure requirement, as required under Micro, Small and Medium Enterprises Development Act, 2006, is as follows : | | | | |
| Principal amount due as on March 31 | | 382.45 | | 269.85 |
| Interest due and unpaid on the above as on March 31 | | 0 | | 0 |
| Interest paid | | 0 | | 0 |
| Interest due and payable | | 0 | | 0 |
| Interest accrued and remaining unpaid as on March 31 | | 0 | | 0 |
| Amount of further interest remaining due and payable in the succeeding years | | 0 | | 0 |
| (c) Other Current Liabilities | | | | |
| Current maturities of long term loans | 4468.41 | | 3271.40 | |
| Interest accrued but not due on borrowings | 54.55 | | 63.18 | |
| Unclaimed dividend | 73.74 | | 71.84 | |
| | | 4596.70 | | 3406.42 |
| Others - Tax deducted / collected at source and Value Added Tax | | 1267.28 | | 1179.94 |
| | | 5863.98 | | 4586.36 |
| (d) Short Term Provisions | | | | |
| Provision for Employee Benefits | | 761.46 | | 581.14 |
| Others : | | | | |
| - Dividend Payable | 504.55 | | 504.55 | |
| - Tax on Dividend Payable | 102.71 | | 85.75 | |
| | | 607.26 | | 590.30 |
| | | 1368.72 | | 1171.44 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2015 ₹ lakhs | As at 31-3-2014 ₹ lakhs |
|------------------------------|-------------------------------|-------------------------------|
| 8 NON CURRENT ASSETS | | |
| Fixed Assets | | |
| (a) Tangible Assets | 64711.57 | 66462.40 |
| (b) Intangible Assets | 127.26 | 151.85 |
| (c) Capital Work-in-Progress | 1339.74 | 909.33 |
| | 66178.57 | 67523.58 |

Details :

| PARTICULARS | COST | | | | | DEPRECIATION | | WRITTEN DOWN VALUE | | |
|--------------------------------------|------------------------------|--------------------------------------|---------------------------------------|-------------------------------|------------------------------|-----------------------------|--------------------------------------|------------------------------|-------------------------------|-------------------------------|
| | As at 1-4-2014 ₹ lakhs | Additions for the Year ₹ lakhs | Deductions/ Adjustments ₹ lakhs | As at 31-3-2015 ₹ lakhs | Upto 31-3-2014 ₹ lakhs | For the Year* ₹ lakhs | Withdrawn/ Adjustments ₹ lakhs | Upto 31-3-2015 ₹ lakhs | As at 31-3-2015 ₹ lakhs | As at 31-3-2014 ₹ lakhs |
| (a) TANGIBLE ASSETS | | | | | | | | | | |
| LAND AND BETTERMENT BUILDINGS | 417.37 | 0.00 | 0.00 | 417.37 | 0.00 | 0.00 | 0.00 | 0.00 | 417.37 | 417.37 |
| - LEASEHOLD | 20.51 | 0.00 | 0.00 | 20.51 | 6.35 | 0.32 | 0.00 | 6.67 | 13.84 | 14.16 |
| - OTHERS | 12705.88 | 136.27 | 0.00 | 12842.15 | 2774.81 | 476.20 | 0.00 | 3251.01 | 9591.14 | 9931.07 |
| 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 | 87030.27 | 1297.20 | 72.74 | 88254.73 | 31574.15 | 2454.96 | 67.02 | 33962.09 | 54292.64 | 55456.12 |
| FURNITURE & FIXTURES | 648.02 | 9.33 | 0.35 | 657.00 | 332.92 | 183.43 | 0.35 | 516.00 | 141.00 | 315.10 |
| VEHICLES | 287.24 | 10.59 | 0.00 | 297.83 | 114.87 | 41.87 | 0.00 | 156.74 | 141.09 | 172.37 |
| OFFICE EQUIPMENTS | 564.17 | 26.32 | 28.35 | 562.14 | 407.96 | 66.64 | 26.95 | 447.65 | 114.49 | 156.21 |
| | 105884.08 | 1479.71 | 101.44 | 107262.35 | 39421.68 | 3223.42 | 94.32 | 42550.78 | 64711.57 | 66462.40 |
| PREVIOUS YEAR | 107291.46 | 650.44 | 2057.82 | 105884.08 | 36232.34 | 4870.15 | 1680.81 | 39421.68 | 66462.40 | 71059.12 |
| (b) INTANGIBLE ASSETS | | | | | | | | | | |
| TECHNICAL KNOW-HOW | 258.60 | 0.00 | 0.00 | 258.60 | 111.69 | 27.19 | 0.00 | 138.88 | 119.72 | 146.91 |
| COMPUTER SOFTWARE | 21.94 | 2.99 | 0.00 | 24.93 | 17.00 | 0.39 | 0.00 | 17.39 | 7.54 | 4.94 |
| | 280.54 | 2.99 | 0.00 | 283.53 | 128.69 | 27.58 | 0.00 | 156.27 | 127.26 | 151.85 |
| PREVIOUS YEAR | 280.30 | 0.24 | 0.00 | 280.54 | 101.35 | 27.34 | 0.00 | 128.69 | 151.85 | 178.95 |
| (c) CAPITAL WORK-IN-PROGRESS- | | | | | | | | | | |
| AT COST | | | | | | | | | 1339.74 | 909.33 |
| TOTAL | 106164.62 | 1482.70 | 101.44 | 107545.88 | 39550.37 | 3251.00 | 94.32 | 42707.05 | 66178.57 | 67523.58 |
| PREVIOUS YEAR | 107571.76 | 650.68 | 2057.82 | 106164.62 | 36333.69 | 4897.49 | 1680.81 | 39550.37 | 67523.58 | 71482.86 |

* Based on Schedule II to the Companies Act, 2013, useful life of assets have been revised with effect from April 01, 2014. The carrying amounts of assets whose remaining useful life is zero as on April 01, 2014, have been charged to Statement of Profit and Loss under Exceptional items.

Interest on Mill Development Plan II-Phase I-Term Loan amounts to ₹ 27.44 lakhs have been capitalised during the year and grouped under Capital Work-in-Progress (Previous year-NIL).

SESHASAYEE PAPER AND BOARDS LIMITED

| | | As at 31-3-2015 ₹ lakhs | As at 31-3-2014 ₹ lakhs |
|--------------------------------------|--|-------------------------------|-------------------------------|
| (d) Non Current Investments | | | |
| NON-TRADE | | | |
| IN EQUITY INSTRUMENTS - FULLY PAID : | | | |
| <i>Quoted:</i> | | | |
| 2 65 830 | Equity Shares of ₹ 2 each in Housing Development Finance Corporation Limited | 7.09 | 7.09 |
| 2 500 | Equity Shares of ₹ 2 each in HDFC Bank Limited | 0.05 | 0.05 |
| 1 14 080 | Equity Shares of ₹ 10 each in IDBI Bank Limited | 91.07 | 91.07 |
| 2 82 911 | Equity Shares of ₹ 10 each in High Energy Batteries (India) Limited | 387.15 | 387.15 |
| TRADE | | | |
| IN EQUITY INSTRUMENTS - FULLY PAID : | | | |
| <i>Quoted:</i> | | | |
| 20 80 260 | Equity Shares of ₹ 10 each in Ponni Sugars (Erode) Limited (Associate) | 1397.97 | 1397.97 |
| 1 00 000 | Equity Shares of ₹ 10 each in Tamilnadu Newsprint and Papers Limited | 106.70 | 106.70 |
| | Carried over | 1990.03 | 1990.03 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2015 ₹ lakhs | ₹ lakhs | As at 31-3-2014 ₹ lakhs | ₹ lakhs |
|---|-------------------------------|----------------|-------------------------------|---------|
| Brought forward | | 1990.03 | | 1990.03 |
| TRADE | | | | |
| IN EQUITY INSTRUMENTS - FULLY PAID (Contd.) : | | | | |
| Unquoted: | | | | |
| 25 000 Equity Shares of ₹ 100 each in Esvi International (Engineers & Exporters) Limited (Wholly Owned Subsidiary) | | 1203.00 | | 1203.00 |
| 4 100 Equity Shares of ₹ 10/- each in ESVIN Advanced Technologies Limited | | 0.41 | | 0.41 |
| 50 000 Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited | | 5.00 | | 5.00 |
| 10 000 Equity Shares of ₹ 10 each in OPG Energy Private Limited | | 1.00 | | 1.00 |
| | | 3199.44 | | 3199.44 |
| 1. Aggregate amount of : | | | | |
| Quoted Investments | | | | |
| - Cost | | 1990.03 | | 1990.03 |
| - Market Value | | 6858.36 | | 4887.68 |
| Unquoted Investments | | | | |
| - Cost | | 1209.41 | | 1209.41 |
| (e) Long Term Loans and Advances | | | | |
| Capital Advances - Unsecured - Considered Good | | 125.86 | | 131.92 |
| Security Deposits - Unsecured - Considered Good | | 429.24 | | 437.22 |
| Other Loans and Advances : | | | | |
| Secured - Considered Good | | | | |
| - Inter Corporate Loans | | 500.00 | | 500.00 |
| Unsecured - Considered Good | | | | |
| - SPB Equity Shares Trust | | 1250.00 | | 1250.00 |
| | | 1750.00 | | 1750.00 |
| | | 2305.10 | | 2319.14 |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2015 ₹ lakhs | ₹ lakhs | As at 31-3-2014 ₹ lakhs | ₹ lakhs |
|--|-------------------------------|-----------------|-------------------------------|-----------------|
| 9 CURRENT ASSETS | | | | |
| (a) Current Investments | | | | |
| TRADE | | | | |
| IN EQUITY INSTRUMENTS - FULLY PAID: | | | | |
| Unquoted: | | | | |
| 42 604 Class A Equity Shares of ₹ 10 each in Bhatia Coke & Energy Limited | | 153.79 | | 0.00 |
| 1. Aggregate amount of : | | | | |
| Unquoted Investments | | | | |
| - Cost | | 153.79 | | 0.00 |
| (b) Inventories | | | | |
| Raw Materials | | 5368.23 | | 4947.04 |
| Stores, Spares, Chemicals and others | | 6821.17 | | 5263.25 |
| Finished Goods | | 510.01 | | 376.73 |
| Stock-in-Trade | | 130.94 | | 125.18 |
| Stock-in-Process | | 612.00 | | 516.38 |
| [For method of valuation, please refer to Note No. 1(d)] | | <u>13442.35</u> | | <u>11228.58</u> |
| (c) Trade Receivables | | | | |
| Secured - Considered Good : | | | | |
| Exceeding six months | | 549.01 | | 264.45 |
| Other debts | | <u>1675.61</u> | | <u>1666.65</u> |
| | | 2224.62 | | 1931.10 |
| Unsecured - Considered Good : | | | | |
| Exceeding six months | | 330.66 | | 244.90 |
| Other debts | | <u>9796.47</u> | | <u>9869.21</u> |
| | | 10127.13 | | 10114.11 |
| Doubtful : | | | | |
| Exceeding six months | | 48.07 | | 48.07 |
| Less : Allowance for doubtful debts | | <u>48.07</u> | | <u>48.07</u> |
| | | 0.00 | | 0.00 |
| | | <u>12351.75</u> | | <u>12045.21</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2015 ₹ lakhs | ₹ lakhs | As at 31-3-2014 ₹ lakhs | ₹ lakhs |
|--|-------------------------------|-----------------|-------------------------------|----------------|
| (d) Cash and Cash Equivalents | | | | |
| Cash and Cash Equivalents : | | | | |
| - Cash on hand | | 14.66 | | 23.42 |
| Bank balances : | | | | |
| - In Current Accounts | | 905.04 | | 2862.17 |
| Other Bank Balances : | | | | |
| - Unclaimed Dividend Account | | 73.74 | | 71.84 |
| - In Deposit Account offered as security | | | | |
| (i) More than 12 months | 37.82 | | 37.87 | |
| (ii) Less than 12 months | 0.00 | | 0.75 | |
| | | <u>37.82</u> | | <u>38.62</u> |
| | | <u>1031.26</u> | | <u>2996.05</u> |
| (e) Short Term Loans and Advances | | | | |
| Others : | | | | |
| Secured - Considered Good | | | | |
| - Inter Corporate Loans | 100.00 | | 100.00 | |
| Unsecured - Considered Good | | | | |
| - Prepaid expenses | 178.92 | | 147.14 | |
| - Balances in Current Account with Central Excise Department and Port Trust | 3141.48 | | 2524.15 | |
| - Tax payments pending adjustments (net) | 1677.79 | | 2035.74 | |
| - MAT Credit Entitlement | 3699.61 | | 3420.70 | |
| - Advance to Suppliers | 701.71 | | 318.51 | |
| - Others | 1133.82 | | 812.54 | |
| | | <u>10633.33</u> | | <u>9358.78</u> |
| | | <u>10633.33</u> | | <u>9358.78</u> |
| (f) Other Current Assets | | | | |
| Others | | 762.20 | | 684.41 |
| | | <u>762.20</u> | | <u>684.41</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

| | As at 31-3-2015 ₹ lakhs | As at 31-3-2014 ₹ lakhs |
|---|-------------------------------|-------------------------------|
| 10 Contingent Liabilities and Commitments not provided for | | |
| (i) Contingent Liabilities : | | |
| (a) Claims against the Company not acknowledged as debts | | |
| (1) Demands relating to Central Excise, Customs duty, Service Tax and VAT contested and appeals pending before High Court, CESTAT and other Appellate Authorities | 2636.91 | 2599.41 |
| (2) Income Tax demand contested and appeals pending before High Court and CIT (A) | 763.52 | 763.52 |
| (3) Others- Demands contested and pending before High Court and other Appellate Authorities | 2518.54 | 2015.46 |
| (b) Guarantees | 19.50 | 9.00 |
| (ii) Commitments : | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 1640.47 | 351.37 |
| (b) Export obligation in respect of imports cleared under Export Promotion Capital Goods Scheme | 0.00 | 37.75 |
| 11 Revenue from operations | | |
| (a) Sale of Paper and Paper Boards | 102099.97 | 101364.95 |
| (b) Sale of Note Books | 923.71 | 787.28 |
| (c) Sale of Stock-in-Trade | 2420.17 | 2874.62 |
| (d) Other Operating Income | 1376.30 | 1395.07 |
| | <u>106820.15</u> | <u>106421.92</u> |
| 12 Other Income | | |
| (a) Interest income | 430.24 | 378.49 |
| (b) Dividend Income | 62.00 | 77.72 |
| (c) Other Non Operating Income | 92.32 | 71.54 |
| | <u>584.56</u> | <u>527.75</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

| | Year ended 31-3-2015 | Year ended 31-3-2014 |
|--|-------------------------|-------------------------|
| | ₹ lakhs | ₹ lakhs |
| 13 Cost of Materials Consumed | | |
| (a) Raw Materials | | |
| (i) Wood | 24132.75 | 19990.40 |
| (ii) Bagasse | 2174.91 | 2323.18 |
| (iii) Purchased Pulp | 13213.47 | 13846.74 |
| (iv) Waste Paper | 193.30 | 350.45 |
| | <u>39714.43</u> | <u>36510.77</u> |
| Feeding and Other Charges | 593.60 | 455.84 |
| | <u>40308.03</u> | 36966.61 |
| (b) Stores and Chemicals | 16197.30 | 15919.47 |
| (c) Packing Materials | 1438.58 | 1550.07 |
| | <u>57943.91</u> | <u>54436.15</u> |
| 14 Purchase of Stock-in-Trade | | |
| (a) Paper and Paper Boards | 0.00 | 18.05 |
| (b) Petroleum Products | 2370.61 | 2676.49 |
| (c) Others | 0.00 | 71.88 |
| | <u>2370.61</u> | <u>2766.42</u> |
| 15 Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade | | |
| Closing Stock : | | |
| (a) Finished Goods | 510.01 | 376.73 |
| (b) Stock-in-Trade | 130.94 | 125.18 |
| (c) Stock-in-Process | 612.00 | 516.38 |
| | <u>1252.95</u> | 1018.29 |
| Opening Stock : | | |
| (a) Finished Goods | 376.73 | 533.40 |
| (b) Stock-in-Trade | 125.18 | 138.12 |
| (c) Stock-in-Process | 516.38 | 478.39 |
| | <u>1018.29</u> | 1149.91 |
| | <u>-234.66</u> | <u>131.62</u> |

— SESHASAYEE PAPER AND BOARDS LIMITED —

| | Year ended 31-3-2015 | Year ended 31-3-2014 |
|---|-------------------------|-------------------------|
| | ₹ lakhs | ₹ lakhs |
| 16 Employee benefits expense | | |
| (a) Salaries and Wages | 5038.01 | 4321.76 |
| (b) Contribution to Provident and other Funds | 828.92 | 732.56 |
| (c) Employee Welfare Expenses | 545.91 | 551.13 |
| | <u>6412.84</u> | <u>5605.45</u> |
| 17 Finance Costs | | |
| (a) Interest expense | 3658.74 | 3735.92 |
| (b) Other borrowing costs | 60.73 | 118.44 |
| (c) Net gain / loss on foreign currency transaction | 1.27 | 16.46 |
| | <u>3720.74</u> | <u>3870.82</u> |
| 18 Other Expenses | | |
| (a) Power and Fuel | | |
| (i) Purchased Power | 4908.51 | 3721.97 |
| (ii) Consumption of Fuel | 9525.95 | 10808.73 |
| (iii) Generation Tax | 232.40 | 225.57 |
| | <u>14666.86</u> | 14756.27 |
| (b) Rent | 135.80 | 117.08 |
| (c) Rates and Taxes | 135.96 | 143.26 |
| (d) Insurance | 203.80 | 172.55 |
| (e) Maintenance and Repairs | | |
| (i) Buildings | 391.60 | 381.61 |
| (ii) Plant and Machinery | 2203.18 | 2492.08 |
| (iii) Others | 155.87 | 197.10 |
| | <u>2750.65</u> | 3070.79 |
| (f) Selling and Distribution Expenses | | |
| (i) Distributors' Commission | 1188.72 | 996.61 |
| (ii) Cash Discount | 1655.72 | 1534.91 |
| (iii) Forwarding Charges | 3302.26 | 2824.96 |
| | <u>6146.70</u> | 5356.48 |
| (g) Conversion Charges | 313.91 | 502.38 |
| (h) Office and Administrative Expenses | 993.97 | 941.88 |
| (i) Miscellaneous Expenses | 643.19 | 720.24 |
| | <u>25990.84</u> | <u>25780.93</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

| | Year ended 31-3-2015 | | Year ended 31-3-2014 | |
|---|-------------------------|---------------|-------------------------|----------------|
| | ₹ lakhs | ₹ lakhs | ₹ lakhs | ₹ lakhs |
| 19 Current Tax | | | | |
| (a) Income Tax | | 0.00 | | 0.00 |
| (b) Minimum Alternate Tax | 519.91 | | 848.43 | |
| (c) MAT Credit Entitlement | <u>-519.91</u> | | <u>-848.43</u> | |
| | | <u>0.00</u> | | <u>0.00</u> |
| 20 Deferred Tax | | | | |
| On account of variation of allowances for tax purposes in : | | | | |
| (a) Depreciation | 842.45 | | 1369.38 | |
| (b) Others | <u>-35.91</u> | | <u>75.51</u> | |
| | | <u>806.54</u> | | <u>1444.89</u> |
| 21 Payments to the Auditors (included under Note No. 18) | | | | |
| (a) As Auditor | | 18.00 | | 18.00 |
| (b) For taxation matters | | 3.30 | | 3.30 |
| (c) For Certification Work | | 4.52 | | 7.83 |
| (d) For Reimbursement of Expenses | | <u>0.42</u> | | <u>0.34</u> |
| | | <u>26.24</u> | | <u>29.47</u> |
| 22 Expenditure incurred on Corporate Social Responsibility Activities | | | | |
| a) Gross amount required to be spent during the year | | 68.44 | | 0.00 |
| b) Amount spent during the year | | 79.91 | | 27.99 |
| 23 The Depreciation for the year ended March 31, 2015 has been charged as per the revised requirement under the Companies Act, 2013 with effect from April 01, 2014. The amount of depreciation is lower by ₹ 1968.03 lakhs, consequent to such change. | | | | |
| 24 Plant and Machinery on Lease to Others under Note No. 8 - Fixed Assets, represent assets acquired and given on lease prior to 2001 whose primary lease period was also over during 2001. In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been obtained. All lease agreements are cancellable at the option of the Company. | | | | |

SESHASAYEE PAPER AND BOARDS LIMITED

| | Year ended 31-3-2015 ₹ lakhs | | Year ended 31-3-2014 ₹ lakhs | |
|---|------------------------------------|---------------|------------------------------------|---------------|
| 25 Value of imports calculated on CIF basis | | | | |
| (a) Raw materials | 11717.96 | | 13861.86 | |
| (b) Stores, Spares and Chemicals | 11839.47 | | 8401.97 | |
| (c) Capital Goods | 250.60 | | 20.72 | |
| 26 Expenditure in foreign currencies | | | | |
| (a) Travel | 15.89 | | 9.48 | |
| (b) Export Commission | 85.97 | | 65.74 | |
| (c) Others | 29.75 | | 149.39 | |
| 27 Value of imported / indigenous Raw material / Stores, Spares and Chemicals consumed | ₹ lakhs | % | ₹ lakhs | % |
| (a) Raw materials : | | | | |
| (i) Imported | 12872.11 | 32.41 | 13230.02 | 36.24 |
| (ii) Indigenous | 26842.32 | 67.59 | 23280.75 | 63.76 |
| Total | <u>39714.43</u> | <u>100.00</u> | <u>36510.77</u> | <u>100.00</u> |
| (b) Stores, Spares and Chemicals : | | | | |
| (i) Imported | 11760.93 | 47.50 | 12791.61 | 50.44 |
| (ii) Indigenous | 12998.61 | 52.50 | 12566.79 | 49.56 |
| Total | <u>24759.54</u> | <u>100.00</u> | <u>25358.40</u> | <u>100.00</u> |
| [includes consumption of coal and other fuels ₹ 7288.44 lakhs under Power and Fuel (previous year ₹ 8216.48 lakhs), consumption of spares ₹ 1273.80 lakhs, under Repairs and Maintenance (previous year ₹ 1222.45 lakhs)] | | | | |
| 28 Amounts remitted in foreign currencies | | | | |
| (a) Dividends | 61.91 | | 61.91 | |
| (b) No. of Non-resident shareholders | 1 | | 1 | |
| (c) No. of shares held | 1547695 | | 1547695 | |
| 29 Earnings in foreign exchange | | | | |
| (a) Export of goods on FOB basis | 12197.49 | | 11585.09 | |

30 Disclosure of Related Party transactions, as required under Accounting Standard (AS) 18

(i) Name of the Related Parties and description of relationship between the parties :

- a) Control
 - Esvi International (Engineers & Exporters) Limited (ESVIN)
 - SPB Equity Shares Trust
- b) Presumption of significant influence
 - Ponni Sugars(Erode) Limited (PEL)
 - SPB Projects and Consultancy Limited (SPB-PC)
 - Time Square Investments Private Limited (TSI)
 - Dhanashree Investments Private Limited (DSI)
 - Ultra Investments and Leasing Co. Private Limited (UIL)
- c) Key Management Personnel
 - Sri N Gopalaratnam, *Chairman*
 - Sri K S Kasi Viswanathan, *Managing Director*
 - Sri V Pichai, *Deputy Managing Director & Secretary*

(ii) Transaction details :

| | Transaction amount ₹ lakhs | | Amount outstanding on 31-3-2015 |
|---|---|----------------|--|
| | 2014-15 | 2013-14 | |
| (a) Esvi International (Engineers & Exporters) Limited | | | Assets : Investments in: 0.25 lakhs Equity Shares (100%) |
| (b) Ponni Sugars (Erode) Limited : | | | |
| - Purchase of Bagasse | 1670.88 | 2003.77 | Assets : |
| - Purchase of Sugar | 6.77 | 6.17 | Investments in: |
| - Sale of fuel | 1947.16 | 1734.25 | 20.80 lakhs Equity |
| - Sale of Paper, Water and Sugarcane | 6.10 | 3.30 | Shares (24.19%) |
| - Dividend paid | 70.73 | 48.00 | |
| - Dividend received | 12.48 | 31.20 | Liabilities : |
| - Other transactions (Net Debit) | 49.34 | 48.54 | 17.68 lakhs Equity |
| - Investment made | 0.00 | 928.24 | Shares (14.02%) |
| - Receivables (Outstanding) | 461.88 | 136.94 | |
| (c) Dhanashree Investments Private Limited | | | |
| - Rent and amenity charges | 3.60 | 3.60 | Liabilities : |
| - Dividend paid | 23.46 | 23.34 | 5.87 lakhs Equity |
| | | | Shares (4.65%) |

(ii) Transaction details (Contd) :

| | Transaction amount ₹ lakhs | Amount outstanding on 31-3-2015 |
|--|---|--|
| | 2014-15 | 2013-14 |
| (d) Ultra Investments and Leasing Co. Private Limited | | Liabilities : |
| - Rent | 0.44 | 0.44 |
| - Dividend paid | 7.41 | 7.41 |
| (e) Time Square Investments Private Limited | | Liabilities : |
| - Dividend paid | 54.12 | 53.62 |
| (f) SPB Projects and Consultancy Limited | | Assets : |
| - Reimbursement of expenses | 2.75 | 1.23 |
| - Engineering and Technical Services | 131.99 | 82.16 |
| - Dividend received | 0.50 | 0.50 |
| - Dividend paid | 0.09 | 0.09 |

(iii) Remuneration to Chairman, Managing Director and other Whole-time Director :

| | Sri N Gopalaratnam | Sri K S Kasi Viswanathan | Sri V Pichai |
|---|---------------------------|-------------------------------------|---------------------|
| | ₹ lakhs | | |
| Salary | 42.00 | 36.00 | 36.00 |
| Special Allowance | 21.00 | 18.00 | 18.00 |
| Contribution to Provident and other Funds | 13.61 | 11.47 | 11.62 |
| Other Perquisites | 0.10 | 4.53 | 4.58 |
| Total | 76.71 | 70.00 | 70.20 |
| (Previous year) | 55.77 | 48.78 | 48.69 |

31 Earnings per share

| | Year ended 31-3-2015 | Year ended 31-3-2014 |
|--------------------------------|---------------------------------|---------------------------------|
| Profit after Tax (₹ lakhs) | 1734.64 | 2679.03 |
| Weighted average no. of Shares | 12613628 | 12613628 |
| Basic earnings per share (₹) | 13.75 | 21.24 |
| Diluted earnings per share (₹) | 13.75 | 21.24 |

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

| | Group Gratuity Scheme | | | Retirement Benefit Scheme | |
|---|-----------------------------|-----------------------|---------------------------------|---------------------------|----------------------|
| | Company as a whole (Funded) | Unit : Erode (Funded) | Unit : Tirunelveli (Non Funded) | Unit : Erode (Non Funded) | |
| | 31-3-2015 ₹ lakhs | 31-3-2014 ₹ lakhs | 31-3-2014 ₹ lakhs | 31-3-2015 ₹ lakhs | 31-3-2014 ₹ lakhs |
| (i) Changes in present value of obligations | | | | | |
| Present Value of Obligations at the beginning of the year | 1886.08 | 1720.55 | 22.90 | 112.88 | 131.82 |
| Interest Cost | 169.75 | 154.85 | 1.87 | 9.16 | 9.25 |
| Current Service Cost | 119.88 | 82.68 | 5.84 | 5.24 | 6.47 |
| Benefits paid | 259.02 | 298.90 | 0.55 | 22.22 | 29.60 |
| Actuarial (Gain) / Loss on obligations | 291.84 | 226.90 | -4.91 | 9.74 | -5.06 |
| Present Value of Obligations at the end of the year | 2208.53 | 1886.08 | 25.15 | 114.80 | 112.88 |
| (ii) Changes in the Fair Value of Plan Assets | | | | | |
| Fair Value of Plan Assets at the beginning of the year | 1886.08 | 1720.55 | 0.00 | 0.00 | 0.00 |
| Expected Return on Plan Assets | 156.48 | 136.23 | 0.00 | 0.00 | 0.00 |
| Contributions | 424.99 | 328.20 | 0.55 | 22.22 | 29.60 |
| Benefits paid | 259.02 | 298.90 | 0.55 | 22.22 | 29.60 |
| Actuarial (Gain) / Loss on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fair Value of Plan Assets at the end of the year | 2208.53 | 1886.08 | 0.00 | 0.00 | 0.00 |
| (iii) Fair Value of Plan Assets | | | | | |
| Fair Value of Plan Assets at the beginning of the year | 1886.08 | 1720.55 | | 0.00 | 0.00 |
| Actual Return on Plan Assets | 156.48 | 136.23 | | 0.00 | 0.00 |
| Contributions | 424.99 | 328.20 | | 22.22 | 29.60 |
| Benefits paid | 259.02 | 298.90 | | 22.22 | 29.60 |
| Fair Value of Plan Assets at the end of the year | 2208.53 | 1886.08 | | 0.00 | 0.00 |
| Funded Status | 0.00 | 0.00 | | 0.00 | 0.00 |
| Excess of Actual over estimated return on Plan Assets | 0.00 | 0.00 | | 0.00 | 0.00 |

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

| | Group Gratuity Scheme | | | Retirement Benefit Scheme | |
|---|---|---|---|---|----------------------|
| | Company as a whole (Funded) 31-3-2015 ₹ lakhs | Unit : Erode (Funded) 31-3-2014 ₹ lakhs | Unit : Tirunelveli (Non Funded) 31-3-2014 ₹ lakhs | Unit : Erode (Non Funded) 31-3-2015 ₹ lakhs | 31-3-2014 ₹ lakhs |
| (iv) Actuarial Gain / Loss recognised | | | | | |
| Actuarial Gain / (Loss) for the year - Obligation | -291.84 | -226.90 | 4.91 | -9.74 | 5.06 |
| Actuarial Gain / (Loss) for the year - Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total (Gain) / Loss for the year | 291.84 | 226.90 | -4.91 | 9.74 | -5.06 |
| Actuarial (Gain) / Loss recognised in the year | 291.84 | 226.90 | -4.91 | 9.74 | -5.06 |
| (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 | 2208.53 | 1886.08 | 25.15 | 114.80 | 112.88 |
| Fair Value of Plan Assets at the end of the year | 2208.53 | 1886.08 | | 0.00 | 0.00 |
| Funded Status | 0.00 | 0.00 | | 0.00 | 0.00 |
| Net Asset / (Liability) recognised in Balance Sheet | 0.00 | 0.00 | -25.15 | -114.80 | -112.88 |
| (vi) Expenses recognised in the Statement of Profit and Loss | | | | | |
| Current Service Cost | 119.88 | 82.68 | 5.84 | 5.24 | 6.47 |
| Interest Cost | 169.75 | 154.85 | 1.87 | 9.16 | 9.25 |
| Expected Return on Plan Assets | 156.48 | 136.23 | | 0.00 | 0.00 |
| Net Actuarial (Gain) / Loss recognised in the year | 291.84 | 226.90 | -4.91 | 9.74 | -5.06 |
| Expenses recognised in the Statement of Profit and Loss | 424.99 | 328.20 | 2.80 | 24.14 | 10.66 |
| (vii) Actuarial Assumptions | | | | | |
| Discount Rate | 8.00% | 8.00% | 9.00% | 7.80% | 9.00% |
| Expected return on Plan Assets | 9.00% | 8.85% | | Not applicable | Not applicable |
| Salary increase | 8.00% | 5.00% | 5.00% | Not applicable | Not applicable |

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

(viii) Experience Adjustments

| | Present value of obligation | Plan Assets | Surplus / (Deficit) | Experience adjustments on Plan Liabilities (Loss) / Gain | Experience adjustments on Plan Assets (Loss) / Gain |
|--|--|------------------------|--------------------------------|---|--|
| | ₹ lakhs | ₹ lakhs | ₹ lakhs | ₹ lakhs | ₹ lakhs |
| Company as a whole | | | | | |
| (a) Group Gratuity Scheme : | | | | | |
| 31-3-2015 | 2208.53 | 2208.53 | 0.00 | 291.84 | 0.00 |
| Unit : Erode | | | | | |
| (a) Group Gratuity Scheme : | | | | | |
| 31-3-2014 | 1886.08 | 1886.08 | 0.00 | 226.90 | 0.00 |
| 31-3-2013 | 1720.55 | 1720.55 | 0.00 | 310.18 | 0.00 |
| 31-3-2012 | 1482.70 | 1482.70 | 0.00 | 264.07 | 0.00 |
| 31-3-2011 | 1395.45 | 1395.45 | 0.00 | 280.25 | 0.00 |
| (b) Retirement Benefit Scheme : | | | | | |
| 31-3-2015 | 114.80 | 0.00 | -114.80 | -0.64 | 0.00 |
| 31-3-2014 | 112.88 | 0.00 | -112.88 | -3.30 | 0.00 |
| 31-3-2013 | 131.82 | 0.00 | -131.82 | -0.16 | 0.00 |
| 31-3-2012 | 134.57 | 0.00 | -134.57 | -16.52 | 0.00 |
| 31-3-2011 | 139.32 | 0.00 | -139.32 | -37.75 | 0.00 |
| Unit : Tirunelveli | | | | | |
| (a) Group Gratuity Scheme : | | | | | |
| 31-3-2014 | 25.15 | 0.00 | -25.15 | 3.75 | 0.00 |

Figures of Group Gratuity Scheme (Funded) for the current year is for both the units. As the Scheme is Non Funded for Unit: Tirunelveli for the previous year, the figures are not comparable.

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants
Chennai
May 30, 2015

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

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

N GOPALARATNAM
Chairman
V PICHAI
Deputy Managing
Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
A L SOMAYAJI
V SRIDAR
Directors
K S KASI VISWANATHAN
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

| | Year ended 31-3-2015 ₹ lakhs | Year ended 31-3-2014 ₹ lakhs |
|--|------------------------------------|------------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before taxation | 2541.18 | 4123.92 |
| Adjustments for : | | |
| Add: | | |
| Assets discarded | 7.12 | 322.38 |
| Depreciation | 2929.46 | 4897.49 |
| Exceptional Item | 321.54 | 0.00 |
| Interest and financing charges | 3719.47 | 3854.36 |
| Effect of changes in Foreign Currency Exchange Rate | 1.27 | 0.00 |
| | <u>6978.86</u> | <u>9074.23</u> |
| | 9520.04 | 13198.15 |
| Less: | | |
| Income from Investments | 62.00 | 77.72 |
| Profit / Loss on sale of Investments | 0.00 | 1.19 |
| Profit / Loss on sale of assets | 0.03 | 1.71 |
| Effect of changes in Foreign Currency Exchange Rate | 0.00 | -16.46 |
| | <u>62.03</u> | <u>64.16</u> |
| Operating profit before working capital changes | 9458.01 | 13133.99 |
| Increase / Decrease in working capital: | | |
| Increase / Decrease in Inventories | -2213.78 | -2515.98 |
| Increase / Decrease in Sundry Debtors | 7250.86 | 8911.58 |
| Increase / Decrease in Other Current Assets | 6413.71 | 5947.58 |
| Increase / Decrease in Liabilities and Provisions | -10280.03 | -18167.56 |
| | 1170.76 | -5824.38 |
| Income tax paid | -161.95 | -749.65 |
| Net cash from operating activities | <u>10466.82</u> | <u>6559.96</u> |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | -1913.11 | -1315.22 |
| Value of discarded assets | -7.12 | -322.38 |
| Sale / reduction in value of fixed assets | 7.15 | 378.72 |
| Income from Non-trade Investments | 62.00 | 77.72 |
| Purchase of Investments | -153.79 | -928.24 |
| Sale of Investments | 0.00 | 6.19 |
| Net cash used in investing activities | <u>-2004.87</u> | <u>-2103.21</u> |

SESHASAYEE PAPER AND BOARDS LIMITED

| | Year ended 31-3-2015 ₹ lakhs | Year ended 31-3-2014 ₹ lakhs |
|---|------------------------------------|------------------------------------|
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase / Decrease in Unsecured Loans | -679.63 | -662.20 |
| Increase / Decrease of Term Loans | -1676.50 | -2400.14 |
| Increase / Decrease in Working Capital Borrowings | -3759.57 | -1372.38 |
| Dividend and Dividend tax paid | -590.30 | -590.30 |
| Interest and financing charges paid | -3720.74 | -3870.82 |
| Net cash from financing activities | <u>-10426.74</u> | <u>-8895.84</u> |
| Net increase in cash and cash equivalents (I) | -1964.79 | -4439.09 |
| Cash and cash equivalents as at 31-3-2014(II) | <u>2996.05</u> | <u>7435.14</u> |
| Cash and cash equivalents as at 31-3-2015(I + II) | <u>1031.26</u> | <u>2996.05</u> |

Notes :

- 1 Cash and cash equivalents represent cash in hand and cash with Scheduled Banks.
- 2 Cash from operating activities has been prepared following the indirect method.
- 3 Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to ₹ 1.41 lakhs (debit). (Previous year - ₹ 6.65 lakhs credit).
- 4 Figures for the previous year have been re-grouped wherever necessary.

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants
Chennai
May 30, 2015

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

For Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S
N R Suresh
Membership No. 021661
Partner
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N GOPALARATNAM
Chairman
V PICHAI
Deputy Managing
Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
A L SOMAYAJI
V SRIDAR
Directors
K S KASI VISWANATHAN
Managing Director

**Consolidated Financial Statements
for the year ended
31st March 2015**

SURI & CO.,
CHARTERED ACCOUNTANTS

M/s S VISWANATHAN
CHARTERED ACCOUNTANTS

MAHARAJ N R SURESH AND CO.,
CHARTERED ACCOUNTANTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of SESHASAYEE PAPER AND BOARDS LIMITED (hereinafter referred to as "the Holding Company") its Subsidiary (the Holding Company and its Subsidiary together referred to as "the Group"), its Associate, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, including its Associate, in accordance with the accounting principles generally accepted in India, including the Accounting Standards, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its Associate are responsible for maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate

internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other Auditors, in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Associate as at 31st March, 2015, and their consolidated statement of Profit / Loss and their consolidated Cash Flows for the year ended on that date.

Other Matters

Financial statements / financial information of M/s Esvi International (Engineers & Exporters) Limited, a wholly owned subsidiary whose financial statements / financial information reflect total assets of ₹ 148.44 lakhs as at 31st March, 2015, total revenues of ₹ 32.42 lakhs and net cash flows amounting to ₹ (1.36) lakhs, for the year ended on that date, as considered in the Consolidated Financial Statements have been audited by one of us. The Consolidated Financial Statements also include the Group's share of net Profit / (Loss) of ₹ (89.74) lakhs for the year ended 31st March, 2015, as considered in the Consolidated Financial Statements, in respect of M/s Ponni Sugars (Erode) Limited, an

Associate, whose financial statements / financial information have been audited by one of us.

Our opinion on the Consolidated Financial Statements, and our report on "Other Legal and Regulatory Requirements" below, is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India, in terms of Sub-section (11) of Section 143 of the Act, based on the comments in the Auditors' Reports of the Holding Company, Subsidiary Company and Associate Company incorporated in India, we give in the Annexure a statement on the matters specified in Paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - (b) In our opinion, proper books of account, as required by law, relating to preparation of the aforesaid Consolidated Financial Statements have been kept, so far as it appears from our examination of those books and the Reports of the other Auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement, dealt with by this Report, are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards,

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the Directors of the Holding Company, as on 31st March, 2015, taken on record by the Board of Directors of the Holding Company and the Reports of the Statutory Auditors of its Subsidiary Company and Associate Company incorporated in India, none of the Directors of the Group Companies and its Associate Company, incorporated in India, is disqualified as on 31st March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
- (f) With respect to the Other Matters to be included in the Auditor's Report in accordance with Rule 11 of the

Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

- (i) There were no pending litigations which would impact the consolidated financial position of the Group and its Associate.
- (ii) The Group and its Associate did not have any material foreseeable losses on long-term contracts, including derivative contracts.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company and Associate Company.

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

S Swaminathan
Membership No. 020583
Partner
Chartered Accountants

Chennai
May 30, 2015

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

Chella K Srinivasan
Membership No. 023305
Partner
Chartered Accountants

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

N R Suresh
Membership No. 021661
Partner
Chartered Accountants

ANNEXURE TO INDEPENDENT AUDITORS' REPORT :

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

- (i) (a) The Group 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.
- (ii) (a) The Management has carried out physical verification of inventory at reasonable intervals.
- (b) The procedure of physical verification of inventory, followed by the management, is reasonable and adequate in relation to the size of the Group and the nature of its business.
- (c) The Group is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Group has not granted any loans, secured / unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) There is an adequate internal control system commensurate with the size of the

Group and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and no major weakness has been noticed in the internal control system.

- (v) The Group has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of Cost Records under Section 148(1) of the Companies Act, 2013 and such accounts and records have been made and maintained.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Group is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.
 - (b) Details of dues of Value Added Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March 2015 on account of disputes are given below:

| Name of the Statute | Nature of dues | Amount ₹ lakhs | Forum where the dispute is pending | Period to which the dues belong |
|---------------------------------|-----------------------|-----------------------|---|--|
| Central Excise Act, 1944 | Excise Duty | 269.76 | CESTAT | February 2004 - March 2005 |
| - do - | - do - | 102.93 | - do - | May 2005 - June 2007 |
| - do - | - do - | 42.51 | - do - | February 2008 - December 2012 |
| - do - | - do - | 12.36 | - do - | March 2005 - June 2007 |
| - do - | - do - | 2.43 | Hon'ble High Court of Madras | 07.12.2008 |
| - do - | - do - | 4.56 | - do - | October - November 1996 |
| Kerala Value Added Tax Act 2003 | Value Added Tax | 0.69 | Deputy Commissioner (Appeals) | 2009-10 |
| Customs Act, 1962 | Customs Duty | 624.17 | CESTAT | March 2012 - January 2013 |
| - do - | - do - | 18.75 | - do - | 13.12.2002 |

- (c) The amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules thereunder, has been transferred to such fund within time.
- (viii) The Group has no accumulated losses as at March 31, 2015 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (ix) The Group has not defaulted in repayment of dues to financial institution or banks. There are no dues payable to the debenture holders during the year.
- (x) The Group has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Term loans borrowed by the Group were applied for the purpose for which the loans were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the Group has been noticed or reported during the year.

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N R Suresh
Membership No. 021661
Partner
Chartered Accountants

Chennai
May 30, 2015

SESHASAYEE PAPER AND BOARDS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2015

| | Note No. | As at 31-3-2015 ₹ lakhs | ₹ lakhs |
|------------------------------------|----------|-------------------------------|------------------|
| I EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| (a) Share Capital | 5 | 1261.36 | |
| (b) Reserves and Surplus | 6 | 40129.85 | 41391.21 |
| 2 Non Current Liabilities | | | |
| (a) Long Term Borrowings | 7(a) | 15757.48 | |
| (b) Deferred Tax Liabilities (net) | 7(b) | 10066.56 | |
| (c) Other Long Term Liabilities | 7(c) | 1551.95 | |
| (d) Long Term Provisions | 7(d) | 986.54 | 28362.53 |
| 3 Current Liabilities | | | |
| (a) Short Term Borrowings | 8(a) | 12605.45 | |
| (b) Trade Payables | 8(b) | 22570.14 | |
| (c) Other Current Liabilities | 8(c) | 5984.44 | |
| (d) Short Term Provisions | 8(d) | 1368.72 | 42528.75 |
| Total | | | <u>112282.49</u> |
| II ASSETS | | | |
| 1 Non Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 9(a) | 64841.19 | |
| (ii) Intangible Assets | 9(b) | 127.26 | |
| (iii) Capital Work-in-Progress | 9(c) | 1339.74 | |
| (b) Non Current Investments | 9(d) | 4104.96 | |
| (c) Goodwill on Consolidation | | 1178.01 | |
| (d) Long Term Loans and Advances | 9(e) | 2309.97 | 73901.13 |
| 2 Current Assets | | | |
| (a) Current Investments | 10(a) | 153.79 | |
| (b) Inventories | 10(b) | 13442.35 | |
| (c) Trade Receivables | 10(c) | 12353.66 | |
| (d) Cash and Cash Equivalents | 10(d) | 1034.46 | |
| (e) Short Term Loans and Advances | 10(e) | 10634.83 | |
| (f) Other Current Assets | 10(f) | 762.27 | 38381.36 |
| Total | | | <u>112282.49</u> |

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants
Chennai
May 30, 2015

For M/s S Viswanathan
Firm Regn. No. 004770S
Chella K Srinivasan
Membership No. 023305
Partner
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For Maharaj N R Suresh and Co.,
Firm Regn. No. 001931S
N R Suresh
Membership No. 021661
Partner
Chartered Accountants

N GOPALARATNAM
Chairman
V PICHAI
Deputy Managing
Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
A L SOMAYAJI
V SRIDAR
Directors
K S KASI VISWANATHAN
Managing Director

—SESHASAYEE PAPER AND BOARDS LIMITED—

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2015

| | Note No. | Year ended 31-3-2015 | |
|---|----------|-------------------------|------------------|
| | | ₹ lakhs | ₹ lakhs |
| I Revenue from operations : | | | |
| Sales and Other Operating Income | 12 | 106852.10 | |
| Less : Excise Duty | | <u>5408.25</u> | |
| | | | 101443.85 |
| II Other Income | 13 | | 585.03 |
| III Total Revenue (I + II) | | | <u>102028.88</u> |
| IV Expenses : | | | |
| (a) Cost of Materials Consumed | 14 | | 57943.91 |
| (b) Purchase of Stock-in-Trade | 15 | | 2370.61 |
| (c) Changes in inventories of Finished Goods, Work-in- Process and Stock-in-Trade | 16 | | -234.66 |
| (d) Employee benefits expense | 17 | | 6412.84 |
| (e) Finance Costs | 18 | | 3727.94 |
| (f) Depreciation and Amortisation expense | 9 | | 2935.07 |
| (g) Other Expenses | 19 | | 26001.69 |
| Total expenses | | | <u>99157.40</u> |
| V Profit before exceptional and extraordinary items and tax (III - IV) | | | 2871.48 |
| VI Exceptional items | | | 321.54 |
| VII Profit before extraordinary items and tax (V - VI) | | | 2549.94 |
| VIII Extraordinary items | | | 0.00 |
| IX Profit before Tax (VII - VIII) | | | 2549.94 |
| X Tax Expense : | | | |
| (a) Current Tax | 20 | 4.45 | |
| (b) Deferred Tax | 21 | <u>806.54</u> | |
| | | | <u>810.99</u> |
| XI Profit for the period from continuing operations (IX - X) | | | 1738.95 |

— SESHASAYEE PAPER AND BOARDS LIMITED —

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2015 (Contd.)

| | Note No. | Year ended 31-3-2015 ₹ lakhs |
|---|----------|------------------------------------|
| XI Profit for the period from continuing operations (IX - X) | | 1738.95 |
| XII Profit / Loss from discontinuing operations | | 0.00 |
| XIII Tax expense of discontinuing operations | | 0.00 |
| XIV Profit / Loss from discontinuing operations after tax (XII - XIII) | | 0.00 |
| XV Share of Profit / (Loss) of associates (net) | | (89.74) |
| XVI Profit or Loss for the period (XI + XIV + XV) | | <u>1649.21</u> |
| XVII Earnings Per Equity Share : | | |
| (a) Basic | 27 | 13.07 |
| (b) Diluted | 27 | 13.07 |

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants
Chennai
May 30, 2015

For M/s S Viswanathan
Firm Regn. No. 004770S
Chella K Srinivasan
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V SRIDAR
Directors
K S KASI VISWANATHAN
Managing Director

**Notes forming part of the Consolidated Balance Sheet as at 31st March 2015 and
Consolidated Statement of Profit and Loss Account for the year ended 31st March 2015.**

1 SIGNIFICANT ACCOUNTING POLICIES

a) General

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

b) Fixed Assets

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

c) Investments

Long term Investments are stated at cost.

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

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

Investment in associate companies are accounted as per the 'Equity method' in accordance with Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and accordingly, the share of post acquisition reserves of the associate company has been added to / deducted from the cost of investment.

d) Inventories

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

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

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

e) Government Grants

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

f) Borrowing Costs

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

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

g) Revenue and Expenditure Recognition

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

Revenue involving :

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

h) Intangible Assets

(i) General

Intangible assets are stated at cost less accumulated amortisation.

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

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

(ii) Research and Development

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

i) Foreign Exchange Transactions

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

Foreign currency Liabilities / Assets at the close of the year are restated, adopting the year end rates. The resultant difference, if any, is recognised as income or expense in the Statement of Profit and Loss.

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

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

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

j) Employee Benefits

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

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

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

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

k) Depreciation

Depreciation has been provided under Straight Line Method, in accordance with the provisions of Schedule II to the Companies Act, 2013.

l) Impairment of Assets

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

m) Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liabilities are disclosed, unless the possibility of any outflow in settlement is remote, in the notes on accounts.

Contingent Assets are neither recognised nor disclosed.

n) Lease

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

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

o) Taxes on Income

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

2 SEGMENT

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

3 Principles used in preparing Consolidated Financial Statements

- (i) In preparing Consolidated Financial Statements, the financial statements of the parent and its subsidiary is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.
- ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- iii) Investment in Associate Companies has been accounted under the equity method as per Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements".
- iv) The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Profit and Loss Statement.
- v) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- vi) Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

4 Previous year figures are not given as these are the first Consolidated Financial Statements laid before the Company.

As at
31-3-2015
₹ lakhs

5 SHARE CAPITAL

AUTHORISED :

| | |
|---|----------------|
| 4 00 00 000 - Equity Shares of ₹ 10 each | 4000.00 |
| 3 00 00 000 - Cumulative Redeemable Preference Shares of ₹ 10 each | 3000.00 |
| | <u>7000.00</u> |

ISSUED, SUBSCRIBED AND FULLY PAID UP :

| | |
|--|------------------|
| | Value ₹ lakhs |
| 1 26 13 628 - Equity Shares of ₹ 10 each, fully paid up | 1261.36 |
| Total | <u>1261.36</u> |

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

| | No. of Shares in lakhs | Value ₹ lakhs |
|------------------------------|------------------------------|------------------|
| At the beginning of the year | 126.14 | 1261.36 |
| Add : Issued during the year | 0.00 | 0.00 |
| At the end of the year | 126.14 | 1261.36 |

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

| | No. of Shares in lakhs | % holding to Equity Capital |
|--|------------------------------|-----------------------------------|
| (a) Tamilnadu Industrial Investment Corporation Limited | 18.00 | 14.27 |
| (b) Ponni Sugars (Erode) Limited | 17.68 | 14.02 |
| (c) Synergy Investments Pte Limited | 15.48 | 12.27 |
| (d) Time Square Investments (P) Limited | 13.58 | 10.76 |

- (iii) During the period of five years immediately preceding 31.03.2015, 13 63 628 equity shares of ₹ 10 each, fully paid up pursuant to a Scheme of Amalgamation of SPB Papers Limited with the Company were issued for consideration other than cash.

As at
31-3-2015
₹ lakhs ₹ lakhs

6 RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet 3715.95

Securities Premium Account

As per last Balance Sheet 360.00

Other Reserves :

General Reserve

| | | |
|---|----------------|----------|
| As per last Balance Sheet | 30004.00 | |
| Add: Amount transferred from Surplus in Statement of Profit and Loss | <u>1000.00</u> | |
| | | 31004.00 |

Surplus in Statement of Profit and Loss

| | |
|---|----------------|
| Balance as per Statement of Profit and Loss of the previous year | 5248.94 |
| Profit for the year | <u>1649.21</u> |
| | <u>6898.15</u> |

Less :

| | |
|---|----------------|
| - Transfer to General Reserve | 1000.00 |
| - MAT credit of prior period availed | 240.99 |
| - Proposed Equity Dividend - Amount per Equity Share ₹ 4 (Previous year - ₹ 4 per Equity Share) | 504.55 |
| - Tax on proposed Equity Dividend | <u>102.71</u> |
| | <u>1848.25</u> |

Net Surplus in Statement of Profit and Loss 5049.90

Total Reserves and Surplus 40129.85

As at
31-3-2015
₹ lakhs ₹ lakhs

7 NON CURRENT LIABILITIES

(a) Long Term Borrowings

(i) Term Loans from Banks - Secured

Unit: Erode :

Working Capital Term Loan 937.50

Working Capital Term Loan, including its current maturities, is secured by hypothecation of Company's Captive Power Plant Assets of Boiler, Turbo Generator and their Auxiliaries at Unit-Erode.

Terms of repayment :

The Working Capital Term Loan is repayable in 8 equal quarterly installments of ₹ 312.50 lakhs each commencing from March 2015.

Period and amount of continuing default : Nil

Mill Development Plan II-Phase I-Term Loan 800.00

Secured by :

(i) Hypothecation of Mill Development Plan II-Phase I assets at Unit: Erode

(ii) Mortgage of immovable properties of Unit: Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land together with structures thereon and Captive Power Plant Assets) to the extent of ₹ 8500 lakhs.

Terms of repayment :

The loan is repayable in 24 equated quarterly installments with effect from April 01, 2017.

Period and amount of continuing default : Nil

Unit: Tirunelveli :

Term Loan 11295.50

Term Loan, including its current maturities is secured by :

- a) a charge, by way of mortgage of immovable properties of the company, consisting of land, building, fixed plant and machinery, fixtures and fittings of Unit-Tirunelveli and

Carried over 13033.00

**As at
31-3-2015
₹ lakhs**

Brought forward

13033.00

- b) hypothecation of movables, including movable plant and machinery and book debts of Unit-Tirunelveli.

Terms of repayment :

The loan is repayable in quarterly instalments of ₹ 541 lakhs from January 2014 to October 2015, ₹ 756.50 lakhs from January 2016 to October 2017, ₹ 865 lakhs from January 2018 to April 2019 and the balance ₹ 810 lakhs will be paid in July 2019.

Period and amount of continuing default : Nil

(ii) Other Loans and Advances :

Interest Free Sales Tax Loan - Unsecured

2724.48

Terms of repayment :

Interest Free Sales Tax Deferral Loan is repayable over a period of ten years from 01 06 2013.

Period and amount of continuing default : Nil

15757.48

(b) Deferred Tax Liabilities (net)

10066.56

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

| | Current year ₹ lakhs | Upto 31-3-2015 ₹ lakhs |
|----------------|-------------------------|---------------------------|
| - Depreciation | (+ 842.45 | (-) 10166.61 |
| - Others | (-) 35.91 | (+ 100.05 |
| - Total | (+) 806.54 | (-) 10066.56 |

10066.56

(c) Other Long Term Liabilities

Trade Payables :

Security Deposit from Dealers

1551.95

1551.95

(d) Long Term Provisions

Provision for Employee Benefits

89.91

Provision for Generation Tax

896.63

986.54

As at
31-3-2015
₹ lakhs ₹ lakhs

8 CURRENT LIABILITIES

(a) Short Term Borrowings

- (i) Working Capital Borrowings from
Banks

Unit: Erode : **8289.00**

Secured by :

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit: Erode and
- second charge, by way of mortgage of immovable properties of Unit-Erode, consisting of land, buildings, fixed plant and machinery, fixtures and fittings (exclusive of 57.93 acres of land, together with structures thereon and Captive Power Plant Assets) to the extent of ₹ 8500 lakhs

Unit: Tirunelveli : **4316.45**

Secured by :

- hypothecation of stocks of Raw Materials, Stores, Spares, Chemicals and others, including Goods-in-Transit, Stock-in-Trade, Stock-in-Process, Finished Goods and Book Debts of Unit-Tirunelveli and
- second charge, on the fixed assets of Unit: Tirunelveli.

Period and amount of default : Nil

12605.45

(b) Trade Payables

Payables for Goods and Services

22570.14

22570.14

**As at
31-3-2015**
₹ lakhs ₹ lakhs

Notes :

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

| | |
|--|---------------|
| Principal amount due as on March 31 | 382.45 |
| Interest due and unpaid on the above as on March 31 | 0 |
| Interest paid | 0 |
| Interest due and payable | 0 |
| Interest accrued and remaining unpaid as on March 31 | 0 |
| Amount of further interest remaining due and payable in the succeeding years | 0 |

(c) Other Current Liabilities

| | |
|--|----------------|
| Current maturities of long term loans | 4528.41 |
| Interest accrued but not due on borrowings | 54.55 |
| Interest accrued and due on borrowings | 39.16 |
| Unclaimed dividend | 73.74 |
| | 4695.86 |
| Rent Deposits | 21.30 |
| Others : | |
| - Tax deducted / collected at source and Value Added Tax | 1267.28 |
| | 5984.44 |

(d) Short Term Provisions

| | |
|---------------------------------|----------------|
| Provision for Employee Benefits | 761.46 |
| Others : | |
| - Dividend Payable | 504.55 |
| - Tax on Dividend Payable | 102.71 |
| | 607.26 |
| | 1368.72 |

As at
31-3-2015
₹ lakhs

9 NON CURRENT ASSETS

Fixed Assets

| | |
|------------------------------|----------|
| (a) Tangible Assets | 64841.19 |
| (b) Intangible Assets | 127.26 |
| (c) Capital Work-in-Progress | 1339.74 |
| | 66308.19 |

Details :

| PARTICULARS | COST | | | | | DEPRECIATION | | WRITTEN DOWN VALUE | | |
|--------------------------------------|------------------------------|--------------------------------------|---------------------------------------|-------------------------------|------------------------------|-----------------------------|--------------------------------------|------------------------------|-------------------------------|-------------------------------|
| | As at 1-4-2014 ₹ lakhs | Additions for the Year ₹ lakhs | Deductions/ Adjustments ₹ lakhs | As at 31-3-2015 ₹ lakhs | Upto 31-3-2014 ₹ lakhs | For the Year* ₹ lakhs | Withdrawn/ Adjustments ₹ lakhs | Upto 31-3-2015 ₹ lakhs | As at 31-3-2015 ₹ lakhs | As at 31-3-2014 ₹ lakhs |
| (a) TANGIBLE ASSETS | | | | | | | | | | |
| LAND AND BETTERMENT BUILDINGS | 422.61 | 0.00 | 0.00 | 422.61 | 0.00 | 0.00 | 0.00 | 0.00 | 422.61 | 422.61 |
| - LEASEHOLD | 20.51 | 0.00 | 0.00 | 20.51 | 6.35 | 0.32 | 0.00 | 6.67 | 13.84 | 14.16 |
| - OTHERS | 12888.23 | 136.27 | 0.00 | 13024.50 | 2851.09 | 478.01 | 0.00 | 3329.10 | 9695.40 | 10037.14 |
| 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 | 87087.19 | 1297.20 | 72.74 | 88311.65 | 31614.93 | 2456.51 | 67.02 | 34004.42 | 54307.23 | 55472.26 |
| FURNITURE & FIXTURES | 687.90 | 9.33 | 0.35 | 696.88 | 365.02 | 185.68 | 0.35 | 550.35 | 146.53 | 322.88 |
| VEHICLES | 287.24 | 10.59 | 0.00 | 297.83 | 114.87 | 41.87 | 0.00 | 156.74 | 141.09 | 172.37 |
| OFFICE EQUIPMENTS | 564.17 | 26.32 | 28.35 | 562.14 | 407.96 | 66.64 | 26.95 | 447.65 | 114.49 | 156.21 |
| | 106168.47 | 1479.71 | 101.44 | 107546.74 | 39570.84 | 3229.03 | 94.32 | 42705.55 | 64841.19 | 66597.63 |
| (b) INTANGIBLE ASSETS | | | | | | | | | | |
| TECHNICAL KNOW-HOW | 258.60 | 0.00 | 0.00 | 258.60 | 111.69 | 27.19 | 0.00 | 138.88 | 119.72 | 146.91 |
| COMPUTER SOFTWARE | 21.94 | 2.99 | 0.00 | 24.93 | 17.00 | 0.39 | 0.00 | 17.39 | 7.54 | 4.94 |
| | 280.54 | 2.99 | 0.00 | 283.53 | 128.69 | 27.58 | 0.00 | 156.27 | 127.26 | 151.85 |
| (c) CAPITAL WORK-IN-PROGRESS- | | | | | | | | | | |
| AT COST | | | | | | | | | 1339.74 | 909.33 |
| TOTAL | 106449.01 | 1482.70 | 101.44 | 107830.27 | 39699.53 | 3256.61 | 94.32 | 42861.82 | 66308.19 | 67658.81 |

* Based on Schedule II to the Companies Act, 2013, useful life of assets have been revised with effect from April 01, 2014. The carrying amounts of assets whose remaining useful life is zero as on April 01, 2014, have been charged to Statement of Profit and Loss under Exceptional items.

Interest on Mill Development Plan II-Phase I-Term Loan amounts to ₹ 27.44 lakhs have been capitalised during the year and grouped under Capital Work-in-Progress (Previous year-NIL).

As at
31-3-2015
₹ lakhs ₹ lakhs

(d) Non Current Investments

NON-TRADE

IN EQUITY INSTRUMENTS - FULLY PAID :

Quoted:

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

TRADE

IN EQUITY INSTRUMENTS - FULLY PAID :

Quoted:

Associate:

| | | | |
|-----------|--|---------|----------------|
| 20 85 062 | Equity Shares of ₹ 10 each in Ponni Sugars (Erode) Limited | 3306.28 | |
| Add | | | |
| | Goodwill on acquisition | 284.00 | |
| | Share of profit / (loss) (net) | (89.74) | |
| | Carrying amount of Investment | | 3500.54 |
| 1 00 000 | Equity Shares of ₹ 10 each in Tamilnadu Newsprint and Papers Limited | | 106.70 |
| | Carried over | | 4092.60 |

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2015
₹ lakhs ₹ lakhs

Brought forward **4092.60**

TRADE

IN EQUITY INSTRUMENTS - FULLY PAID (Contd.) :

Unquoted:

| | | |
|--------|--|---------|
| 6 050 | Equity Shares of ₹ 10/- each in ESVIN Advanced Technologies Limited | 0.61 |
| 52 250 | Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited | 5.23 |
| 10 000 | Equity Shares of ₹ 10/- each in OPG Energy Private Limited | 1.00 |
| 55 000 | Equity Shares of ₹ 10 each in Time Square Investments Private Limited | 5.52 |
| | | 4104.96 |

1. Aggregate amount of :

| | |
|----------------------|---------|
| Quoted Investments | |
| - Cost | 4092.60 |
| - Market Value | 6864.59 |
| Unquoted Investments | |
| - Cost | 12.36 |

(e) Long Term Loans and Advances

| | |
|---|---------|
| Capital Advances - Unsecured - Considered Good | 125.86 |
| Security Deposits - Unsecured - Considered Good | 434.11 |
| Other Loans and Advances : | |
| Secured - Considered Good | |
| - Inter Corporate Loans | 500.00 |
| Unsecured - Considered Good : | |
| - SPB Equity Shares Trust | 1250.00 |
| | 1750.00 |
| | 2309.97 |

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2015
₹ lakhs ₹ lakhs

10 CURRENT ASSETS

(a) Current Investments

TRADE

IN EQUITY INSTRUMENTS - FULLY PAID:

Unquoted:

42 604 Class A Equity Shares of ₹ 10 each in
Bhatia Coke & Energy Limited 153.79

1. Aggregate amount of :

Unquoted Investments

- Cost

153.79

(b) Inventories

Raw Materials 5368.23

Stores, Spares, Chemicals and others 6821.17

Finished Goods 510.01

Stock-in-Trade 130.94

Stock-in-Process 612.00

[For method of valuation, please refer to 13442.35

Note No. 1(d)]

(c) Trade Receivables

Secured - Considered Good :

Exceeding six months 549.01

Other debts 1675.61

2224.62

Unsecured - Considered Good :

Exceeding six months 330.66

Other debts 9798.38

10129.04

Doubtful :

Exceeding six months 48.07

Less : Allowance for doubtful debts 48.07

0.00

12353.66

As at
31-3-2015
₹ lakhs ₹ lakhs

(d) Cash and Cash Equivalents

Cash and Cash Equivalents :

- Cash on hand 14.71

Bank balances :

- In Current Accounts 908.19

Other Bank Balances :

- Unclaimed Dividend Account 73.74

- In Deposit Account offered as security

(i) More than 12 months 37.82

(ii) Less than 12 months 0.00

37.82

1034.46

(e) Short Term Loans and Advances

Others :

Secured - Considered Good

- Inter Corporate Loans 100.00

Unsecured - Considered Good

- Prepaid expenses 178.92

- Balances in Current Account with Central
Excise Department and Port Trust 3141.48

- Tax payments pending adjustments (net) 1679.29

- MAT Credit Entitlement 3699.61

- Advance to Suppliers 701.71

- Others 1133.82

10634.83

10634.83

(f) Other Current Assets

Others 762.27

762.27

**As at
31-3-2015
₹ lakhs**

11 Contingent Liabilities and Commitments not provided for

| | |
|---|----------------|
| (i) Contingent Liabilities : | |
| (a) Claims against the Company not acknowledged as debts | |
| (1) Demands relating to Central Excise, Customs duty, Service Tax and VAT contested and appeals pending before High Court, CESTAT and other Appellate Authorities | 2636.91 |
| (2) Income Tax demand contested and appeals pending before High Court and CIT (A) | 763.52 |
| (3) Others- Demands contested and pending before High Court and other Appellate Authorities | 2518.54 |
| (b) Guarantees | 19.50 |
| (ii) Commitments : | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 1640.47 |
| (b) Export obligation in respect of imports cleared under Export Promotion Capital Goods Scheme | 0.00 |

12 Revenue from operations

| | |
|------------------------------------|-------------------------|
| (a) Sale of Paper and Paper Boards | 102099.97 |
| (b) Sale of Note Books | 923.71 |
| (c) Sale of Stock-in-Trade | 2420.17 |
| (d) Sale of Services-Rent | 31.95 |
| (e) Other Operating Income | 1376.30 |
| | <u>106852.10</u> |

13 Other Income

| | |
|--------------------------------|----------------------|
| (a) Interest income | 430.65 |
| (b) Dividend Income | 62.06 |
| (c) Other Non Operating Income | 92.32 |
| | <u>585.03</u> |

Year ended
31-3-2015
₹ lakhs ₹ lakhs

14 Cost of Materials Consumed

| | | |
|---------------------------|-----------------|-----------------|
| (a) Raw Materials | | |
| (i) Wood | 24132.75 | |
| (ii) Bagasse | 2174.91 | |
| (iii) Purchased Pulp | 13213.47 | |
| (iv) Waste Paper | 193.30 | |
| | <u>39714.43</u> | |
| Feeding and Other Charges | <u>593.60</u> | |
| | | 40308.03 |
| (b) Stores and Chemicals | | 16197.30 |
| (c) Packing Materials | | 1438.58 |
| | | <u>57943.91</u> |

15 Purchase of Stock-in-Trade

| | |
|----------------------------|----------------|
| (a) Paper and Paper Boards | 0.00 |
| (b) Petroleum Products | 2370.61 |
| (c) Others | 0.00 |
| | <u>2370.61</u> |

16 Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade

Closing Stock :

| | | |
|----------------------|---------------|---------|
| (a) Finished Goods | 510.01 | |
| (b) Stock-in-Trade | 130.94 | |
| (c) Stock-in-Process | <u>612.00</u> | |
| | | 1252.95 |

Opening Stock :

| | | |
|----------------------|---------------|----------------|
| (a) Finished Goods | 376.73 | |
| (b) Stock-in-Trade | 125.18 | |
| (c) Stock-in-Process | <u>516.38</u> | |
| | | 1018.29 |
| | | <u>-234.66</u> |

— SESHASAYEE PAPER AND BOARDS LIMITED —

| | Year ended 31-3-2015 | |
|---|-------------------------|-----------------|
| | ₹ lakhs | ₹ lakhs |
| 17 Employee benefits expense | | |
| (a) Salaries and Wages | | 5038.01 |
| (b) Contribution to Provident and other Funds | | 828.92 |
| (c) Employee Welfare Expenses | | 545.91 |
| | | <u>6412.84</u> |
| 18 Finance Costs | | |
| (a) Interest expense | | 3665.94 |
| (b) Other borrowing costs | | 60.73 |
| (c) Net gain / loss on foreign currency transaction | | 1.27 |
| | | <u>3727.94</u> |
| 19 Other Expenses | | |
| (a) Power and Fuel | | |
| (i) Purchased Power | 4908.51 | |
| (ii) Consumption of Fuel | 9525.95 | |
| (iii) Generation Tax | <u>232.40</u> | |
| | | 14666.86 |
| (b) Rent | | 135.80 |
| (c) Rates and Taxes | | 137.86 |
| (d) Insurance | | 203.94 |
| (e) Maintenance and Repairs | | |
| (i) Buildings | 397.18 | |
| (ii) Plant and Machinery | 2205.26 | |
| (iii) Others | <u>155.87</u> | |
| | | 2758.31 |
| (f) Selling and Distribution Expenses | | |
| (i) Distributors' Commission | 1188.72 | |
| (ii) Cash Discount | 1655.72 | |
| (iii) Forwarding Charges | <u>3302.26</u> | |
| | | 6146.70 |
| (g) Conversion Charges | | 313.91 |
| (h) Office and Administrative Expenses | | 994.44 |
| (i) Miscellaneous Expenses | | 643.87 |
| | | <u>26001.69</u> |

| | Year ended 31-3-2015 | |
|---|-------------------------|---------------|
| | ₹ lakhs | ₹ lakhs |
| 20 Current Tax | | |
| (a) Income Tax | | 4.45 |
| (b) Minimum Alternate Tax | 519.91 | |
| (c) MAT Credit Entitlement | <u>-519.91</u> | <u>4.45</u> |
| 21 Deferred Tax | | |
| On account of variation of allowances for tax purposes in : | | |
| (a) Depreciation | 842.45 | |
| (b) Others | <u>-35.91</u> | <u>806.54</u> |
| 22 Payments to the Auditors <i>(included under Note No. 19)</i> | | |
| (a) As Auditor | | 18.28 |
| (b) For taxation matters | | 3.47 |
| (c) For Certification Work | | 4.52 |
| (d) For Reimbursement of Expenses | | <u>0.44</u> |
| | | <u>26.71</u> |
| 23 The Depreciation for the year ended March 31, 2015 has been charged as per the revised requirement under the Companies Act, 2013 with effect from April 01, 2014. The amount of depreciation is lower by ₹ 1971.38 lakhs, consequent to such change. | | |
| 24 Plant and Machinery on Lease to Others under Note No. 9 - Fixed Assets, represent assets acquired and given on lease prior to 2001 whose primary lease period was also over during 2001. In respect of assets taken on lease no substantial risk and reward incidental to ownership of an asset has been obtained. All lease agreements are cancellable at the option of the Company. | | |

25 Disclosure of Related Party transactions, as required under Accounting Standard (AS) 18

(i) Name of the Related Parties and description of relationship between the parties :

- a) Control
 - SPB Equity Shares Trust
- b) Presumption of significant influence
 - Ponni Sugars(Erode) Limited (PEL)
 - SPB Projects and Consultancy Limited (SPB-PC)
 - Time Square Investments Private Limited (TSI)
 - Dhanashree Investments Private Limited (DSI)
 - Ultra Investments and Leasing Co. Private Limited (UIL)
- c) Key Management Personnel
 - Sri N Gopalaratnam, *Chairman*
 - Sri K S Kasi Viswanathan, *Managing Director*
 - Sri V Pichai, *Deputy Managing Director & Secretary*

(ii) Transaction details :

| | Transaction amount ₹ lakhs | Amount outstanding on 31-3-2015 |
|---|---|--|
| | 2014-15 | |
| (a) Ponni Sugars (Erode) Limited : | | |
| - Purchase of Bagasse | 1670.88 | Assets : |
| - Purchase of Sugar | 6.77 | Investments in: |
| - Sale of fuel | 1947.16 | 20.85 lakhs Equity |
| - Sale of Paper, Water and Sugarcane | 6.10 | Shares (24.25%) |
| - Dividend paid | 70.73 | |
| - Dividend received | 12.48 | Liabilities : |
| - Other transactions (Net Debit) | 49.34 | 17.68 lakhs Equity |
| - Receivables (Outstanding) | 461.88 | Shares (14.02%) |

(ii) Transaction details (Contd) :

| | Transaction amount ₹ lakhs 2014-15 | Amount outstanding on 31-3-2015 |
|--|---|--|
| (b) Dhanashree Investments Private Limited | | Liabilities : |
| - Rent and amenity charges | 3.60 | 5.87 lakhs Equity |
| - Dividend paid | 23.46 | Shares (4.65%) |
| (c) Ultra Investments and Leasing Co. Private Limited | | Liabilities : |
| - Rent | 0.44 | 1.85 lakhs Equity |
| - Dividend paid | 7.41 | Shares (1.47%) |
| (d) Time Square Investments Private Limited | | Assets : |
| - Dividend paid | 54.12 | Investments in: 0.55 lakhs Equity Shares (5.71%) |
| | | Liabilities : |
| | | 13.58 lakhs Equity Shares (10.76%) |
| (e)SPB Projects and Consultancy Limited | | Assets : |
| - Reimbursement of expenses | 2.75 | Investments in: 0.52 lakhs Equity |
| - Engineering and Technical Services | 131.99 | Shares (17.42%) |
| - Dividend received | 0.50 | |
| - Dividend paid | 0.09 | Liabilities : |
| | | 0.02 lakhs Equity Shares (0.02%) |

**(iii) Remuneration to Chairman, Managing Director
and other Whole-time Director :**

| | Sri N Gopalaratnam | Sri K S Kasi Viswanathan | Sri V Pichai |
|--|---------------------------|-------------------------------------|---------------------|
| | ₹ lakhs | | |
| Salary | 42.00 | 36.00 | 36.00 |
| Special Allowance | 21.00 | 18.00 | 18.00 |
| Contribution to Provident and other Funds | 13.61 | 11.47 | 11.62 |
| Other Perquisites | 0.10 | 4.53 | 4.58 |
| Total | 76.71 | 70.00 | 70.20 |

| 26 Name of the entity | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | |
|--|--|---------------------------------|---|---------------------|
| | As % of Consolidated Net assets | Amount (₹ lakhs) | As % of Consolidated Profit or loss | Amount (₹ lakhs) |
| Wholly owned Subsidiary | | | | |
| - Esvi International (Engineers & Exporters) Limited (ESVIN) | 0.04 | 15.67 | 0.26 | 4.31 |
| Associate | | | | |
| - Ponni Sugars (Erode) Limited (PEL) | 8.46 | 3500.54 | -5.44 | (89.74) |
| | | Year ended 31-3-2015 | | |
| 27 Earnings per share | | | | |
| Profit after Tax (₹ lakhs) | | 1649.21 | | |
| Weighted average no. of Shares | | 12613628 | | |
| Basic earnings per share (₹) | | 13.07 | | |
| Diluted earnings per Share (₹) | | 13.07 | | |

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

| | Group Gratuity Scheme | Retirement Benefit Scheme |
|---|--|--|
| | Company as a whole (Funded) 31-3-2015 | Unit : Erode (Non Funded) 31-3-2015 |
| | ₹ lakhs | ₹ lakhs |
| (i) Changes in present value of obligations | | |
| Present Value of Obligations at the beginning of the year | 1886.08 | 112.88 |
| Interest Cost | 169.75 | 9.16 |
| Current Service Cost | 119.88 | 5.24 |
| Benefits paid | 259.02 | 22.22 |
| Actuarial (Gain) / Loss on obligations | 291.84 | 9.74 |
| Present Value of Obligations at the end of the year | 2208.53 | 114.80 |
| (ii) Changes in the Fair Value of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the year | 1886.08 | 0.00 |
| Expected Return on Plan Assets | 156.48 | 0.00 |
| Contributions | 424.99 | 22.22 |
| Benefits paid | 259.02 | 22.22 |
| Actuarial (Gain) / Loss on Plan Assets | 0.00 | 0.00 |
| Fair Value of Plan Assets at the end of the year | 2208.53 | 0.00 |
| (iii) Fair Value of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the year | 1886.08 | 0.00 |
| Actual Return on Plan Assets | 156.48 | 0.00 |
| Contributions | 424.99 | 22.22 |
| Benefits paid | 259.02 | 22.22 |
| Fair Value of Plan Assets at the end of the year | 2208.53 | 0.00 |
| Funded Status | 0.00 | 0.00 |
| Excess of Actual over estimated return on Plan Assets | 0.00 | 0.00 |

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

| | Group Gratuity Scheme | Retirement Benefit Scheme |
|---|--|--|
| | Company as a whole (Funded) 31-3-2015 | Unit : Erode (Non Funded) 31-3-2015 |
| | ₹ lakhs | ₹ lakhs |
| (iv) Actuarial Gain / Loss recognised | | |
| Actuarial Gain / (Loss) for the year - Obligation | -291.84 | -9.74 |
| Actuarial Gain / (Loss) for the year - Plan Assets | 0.00 | 0.00 |
| Total (Gain) / Loss for the year | 291.84 | 9.74 |
| Actuarial (Gain) / Loss recognised in the year | 291.84 | 9.74 |
| (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 | 2208.53 | 114.80 |
| Fair Value of Plan Assets at the end of the year | 2208.53 | 0.00 |
| Funded Status | 0.00 | 0.00 |
| Net Asset / (Liability) recognised in Balance Sheet | 0.00 | -114.80 |
| (vi) Expenses recognised in the statement of Profit and Loss | | |
| Current Service Cost | 119.88 | 5.24 |
| Interest Cost | 169.75 | 9.16 |
| Expected Return on Plan Assets | 156.48 | 0.00 |
| Net Actuarial (Gain) / Loss recognised in the year | 291.84 | 9.74 |
| Expenses recognised in the statement of Profit and Loss | 424.99 | 24.14 |
| (vii) Actuarial Assumptions | | |
| Discount Rate | 8.00% | 7.80% |
| Expected return on Plan Assets | 9.00% | Not applicable |
| Salary increase | 8.00% | Not applicable |

SESHASAYEE PAPER AND BOARDS LIMITED

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

(viii) Experience Adjustments

| | Present value of obligation | Plan Assets | Surplus / (Deficit) | Experience adjustments on Plan Liabilities (Loss) / Gain | Experience adjustments on Plan Assets (Loss) / Gain |
|--|-----------------------------------|----------------|------------------------|--|---|
| | ₹ lakhs | ₹ lakhs | ₹ lakhs | ₹ lakhs | ₹ lakhs |
| Company as a whole | | | | | |
| (a) Group Gratuity Scheme : | | | | | |
| 31-3-2015 | 2208.53 | 2208.53 | 0.00 | 291.84 | 0.00 |
| Unit : Erode | | | | | |
| (a) Group Gratuity Scheme : | | | | | |
| 31-3-2014 | 1886.08 | 1886.08 | 0.00 | 226.90 | 0.00 |
| 31-3-2013 | 1720.55 | 1720.55 | 0.00 | 310.18 | 0.00 |
| 31-3-2012 | 1482.70 | 1482.70 | 0.00 | 264.07 | 0.00 |
| 31-3-2011 | 1395.45 | 1395.45 | 0.00 | 280.25 | 0.00 |
| (b) Retirement Benefit Scheme : | | | | | |
| 31-3-2015 | 114.80 | 0.00 | -114.80 | -0.64 | 0.00 |
| 31-3-2014 | 112.88 | 0.00 | -112.88 | -3.30 | 0.00 |
| 31-3-2013 | 131.82 | 0.00 | -131.82 | -0.16 | 0.00 |
| 31-3-2012 | 134.57 | 0.00 | -134.57 | -16.52 | 0.00 |
| 31-3-2011 | 139.32 | 0.00 | -139.32 | -37.75 | 0.00 |
| Unit : Tirunelveli | | | | | |
| (a) Group Gratuity Scheme : | | | | | |
| 31-3-2014 | 25.15 | 0.00 | -25.15 | 3.75 | 0.00 |

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants
Chennai
May 30, 2015

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

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

N GOPALARATNAM
Chairman
V PICHAI
Deputy Managing
Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
A L SOMAYAJI
V SRIDAR
Directors
K S KASI VISWANATHAN
Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

| | Year ended 31-3-2015 | |
|--|-------------------------|-----------------|
| | ₹ lakhs | ₹ lakhs |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before taxation | | 2549.94 |
| Adjustments for : | | |
| Add: | | |
| Assets discarded | 7.12 | |
| Depreciation | 2935.07 | |
| Exceptional Item | 321.54 | |
| Interest and financing charges | 3726.67 | |
| Effect of changes in Foreign Currency Exchange Rate | <u>1.27</u> | |
| | | 6991.67 |
| | | <u>9541.61</u> |
| Less: | | |
| Income from Investments | 62.06 | |
| Profit / Loss on sale of assets | <u>0.03</u> | 62.09 |
| Operating profit before working capital changes | | 9479.52 |
| Increase / Decrease in working capital: | | |
| Increase / Decrease in Inventories | -2213.78 | |
| Increase / Decrease in Sundry Debtors | 7249.33 | |
| Increase / Decrease in Other Current Assets | 6413.22 | |
| Increase / Decrease in Liabilities and Provisions | <u>-10289.10</u> | |
| | | 1159.67 |
| Income tax paid | | <u>-166.59</u> |
| Net cash from operating activities | | <u>10472.60</u> |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | | -1913.11 |
| Value of discarded assets | | -7.12 |
| Sale / reduction in value of fixed assets | | 7.15 |
| Income from Non-trade Investments | | 62.06 |
| Purchase of Investments | | <u>-153.79</u> |
| Net cash used in investing activities | | <u>-2004.81</u> |

Year ended
31-3-2015
₹ lakhs

C CASH FLOW FROM FINANCING ACTIVITIES

| | |
|---|------------------|
| Increase / Decrease in Unsecured Loans | -679.63 |
| Increase / Decrease of Term Loans | -1676.50 |
| Increase / Decrease in Working Capital Borrowings | -3759.57 |
| Dividend and Dividend tax paid | -590.30 |
| Interest and financing charges paid | -3727.94 |
| Net cash from financing activities | <u>-10433.94</u> |
| Net increase in cash and cash equivalents (I) | -1966.15 |
| Cash and cash equivalents as at 31-3-2014(II) | <u>3000.61</u> |
| Cash and cash equivalents as at 31-3-2015(I + II) | <u>1034.46</u> |

Notes :

1. Cash and cash equivalents represent cash in hand and cash with Scheduled Banks.
2. Cash from operating activities has been prepared following the indirect method.
3. Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to ₹ 1.41 lakhs (debit). (Previous year - ₹ 6.65 lakhs credit).

Vide our report of date attached

For Suri & Co.,
Firm Regn. No. 004283S
S Swaminathan
Membership No. 020583
Partner
Chartered Accountants
Chennai
May 30, 2015

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

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

N GOPALARATNAM
Chairman
V PICHAI
Deputy Managing
Director & Secretary

R V GUPTA
Dr NANDITHA KRISHNA
A L SOMAYAJI
V SRIDAR
Directors
K S KASI VISWANATHAN
Managing Director

Financial Highlights - Ten years at a glance

(₹ lakhs)

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| For the year | | | | | | | | | | |
| Total Revenue | 47019 | 50553 | 54860 | 56199 | 53770 | 59721 | 64375 | 88223 | 106950 | 107405 |
| Total Expenditure | 42219 | 44207 | 46570 | 49479 | 41598 | 48079 | 54021 | 77216 | 94058 | 97892 |
| PBIDT | 4800 | 6346 | 8290 | 6720 | 12172 | 11642 | 10354 | 11007 | 12892 | 9513 |
| Finance Costs | 625 | 493 | 497 | 1700 | 2840 | 2165 | 2432 | 4446 | 3871 | 3721 |
| Depreciation & Exceptional Item | 1452 | 1483 | 1742 | 2629 | 3361 | 3400 | 3426 | 4914 | 4897 | 3251 |
| PBT | 2723 | 4370 | 6051 | 2391 | 5971 | 6077 | 4496 | 1647 | 4124 | 2541 |
| Tax expense | 932 | 230 | 1472 | 888 | 1978 | -423 | 1086 | -404 | 1445 | 806 |
| PAT | 1791 | 4140 | 4579 | 1503 | 3993 | 6500 | 3410 | 2051 | 2679 | 1735 |
| EPS - ₹ | 15.92 | 36.80 | 40.70 | 13.36 | 35.49 | 57.78 | 30.31 | 16.26 | 21.24 | 13.75 |
| Cash EPS - ₹ | 36.10 | 46.77 | 63.21 | 44.36 | 82.95 | 84.24 | 60.04 | 52.02 | 71.52 | 45.92 |
| Dividend - % | 25 | 35 | 40 | 35 | 60 | 50 | 50 | 40 | 40 | 40 |
| As at the year end | | | | | | | | | | |
| Gross Block | 38226 | 52499 | 69415 | 74367 | 75411 | 76498 | 77098 | 107817 | 107074 | 108886 |
| Net Block | 22435 | 35266 | 50453 | 52795 | 50578 | 48345 | 45574 | 71483 | 67524 | 66179 |
| Loan Funds | 12509 | 24378 | 34076 | 37042 | 32540 | 39755 | 21970 | 43477 | 39010 | 32886 |
| Net Worth | 10429 | 14108 | 18211 | 19253 | 22459 | 28305 | 31061 | 36324 | 38413 | 39299 |
| Book Value per Share - ₹ | 93 | 125 | 162 | 171 | 200 | 252 | 276 | 288 | 305 | 312 |



SESHASAYEE PAPER AND BOARDS LIMITED

CIN: L21012TZ1960PLC000364

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

Ph : 04288 240221 - 228, Fax : 04288 240229 Email: investor@spbltd.com Web: www.spbltd.com

PART - I : STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ Lakhs)

| Sl. No. | Particulars | Standalone | | | | | Consolidated |
|-----------|---|----------------|--------------|--------------|---------------|---------------|---------------|
| | | 3 months ended | | | Year ended | | Year ended |
| | | 31 03 2015 | 31 12 2014 | 31 03 2014 | 31 03 2015 | 31 03 2014 | 31 03 2015 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) | (Audited) |
| 1 | Income from Operations | | | | | | |
| a) | Net Sales / Income from operations (net of Excise Duty) | 30515 | 25634 | 28254 | 100036 | 99690 | 100068 |
| b) | Other Operating Income | 633 | 255 | 504 | 1376 | 1395 | 1376 |
| | Total Income from operations (net) | 31148 | 25889 | 28758 | 101412 | 101085 | 101444 |
| 2 | Expenses | | | | | | |
| a) | Cost of Materials consumed | 14521 | 15354 | 14977 | 57944 | 54436 | 57944 |
| b) | Purchase of Stock-in-Trade | 567 | 540 | 715 | 2371 | 2766 | 2371 |
| c) | Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 6087 | (-)204 | 1393 | (-)235 | 132 | (-)235 |
| d) | Employee benefits expense | 1955 | 1499 | 1237 | 6413 | 5606 | 6413 |
| e) | Depreciation and amortisation expense | 709 | 744 | 1170 | 2929 | 4897 | 2935 |
| f) | Other expenses | | | | | | |
| (i) | Cost of Power and Fuel | 3511 | 3806 | 3615 | 14667 | 14756 | 14667 |
| (ii) | Others | 2849 | 2913 | 2917 | 11324 | 11025 | 11334 |
| | Total expenses | 30199 | 24652 | 26024 | 95413 | 93618 | 95429 |
| 3 | Profit from Operations before Other Income, Finance Costs and Exceptional Items | 949 | 1237 | 2734 | 5999 | 7467 | 6015 |
| 4 | Other Income | 285 | 88 | 163 | 585 | 528 | 585 |
| 5 | Profit from Ordinary Activities before Finance Costs and Exceptional Items | 1234 | 1325 | 2897 | 6584 | 7995 | 6600 |
| 6 | Finance Costs | 865 | 930 | 949 | 3721 | 3871 | 3728 |
| 7 | Profit from Ordinary Activities after Finance Costs but before Exceptional Items | 369 | 395 | 1948 | 2863 | 4124 | 2872 |
| 8 | Exceptional items | -- | -- | -- | 322 | -- | 322 |
| 9 | Profit from Ordinary Activities before Tax | 369 | 395 | 1948 | 2541 | 4124 | 2550 |
| 10 | Tax expense | 89 | 130 | 727 | 806 | 1445 | 811 |
| 11 | Net Profit from Ordinary Activities after Tax | 280 | 265 | 1221 | 1735 | 2679 | 1739 |
| 12 | Extra-ordinary items | -- | -- | -- | -- | -- | -- |
| 13 | Net Profit for the period | 280 | 265 | 1221 | 1735 | 2679 | 1739 |
| 14 | Share of profit / (loss) of associates | -- | -- | -- | -- | -- | (-)90 |
| 15 | Net Profit after share of profit / (loss) of Associates | 280 | 265 | 1221 | 1735 | 2679 | 1649 |
| 16 | Paid-up Equity Share Capital (Face value - ₹ 10) | 1261 | 1261 | 1261 | 1261 | 1261 | 1261 |
| 17 | Reserves, excluding Revaluation Reserves, as per Balance Sheet of previous accounting year | | | | 38038 | 37152 | 40130 |
| 18 | Earnings Per Share of ₹ 10 each (not annualised) | | | | | | |
| | Before Extra-ordinary items : | | | | | | |
| (a) | Basic | 2.22 | 2.10 | 9.68 | 13.75 | 21.24 | 13.07 |
| (b) | Diluted | 2.22 | 2.10 | 9.68 | 13.75 | 21.24 | 13.07 |
| | After Extra-ordinary items : | | | | | | |
| (a) | Basic | 2.22 | 2.10 | 9.68 | 13.75 | 21.24 | 13.07 |
| (b) | Diluted | 2.22 | 2.10 | 9.68 | 13.75 | 21.24 | 13.07 |

**PART - II : SELECT INFORMATION FOR THE QUARTER AND
YEAR ENDED MARCH 31, 2015**

(₹ Lakhs)

| Sl. No. | Particulars | Standalone | | | | | Consolidated |
|----------|---|----------------|-------------|-------------|------------|------------|--------------|
| | | 3 months ended | | Year ended | | Year ended | |
| | | 31 03 2015 | 31 12 2014 | 31 03 2014 | 31 03 2015 | 31 03 2014 | 31 03 2015 |
| A | PARTICULARS OF SHAREHOLDING | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) | (Audited) | (Audited) |
| 1 | Public Shareholding : | | | | | | |
| | - Number of Shares | 71 37 293 | 71 37 203 | 71 57 403 | 71 37 293 | 71 57 403 | 71 37 293 |
| | - Percentage of Shareholding | 56.58% | 56.58% | 56.74% | 56.58% | 56.74% | 56.58% |
| 2 | Promoter and Promoter Group Shareholding : | | | | | | |
| | (a) Pledged / Encumbered : | | | | | | |
| | - Number of Shares | 0 | 0 | 0 | 0 | 0 | 0 |
| | - Percentage of Shares <i>(as a % of the total shareholding of Promoter and Promoter Group)</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| | - Percentage of Shares <i>(as a % of the total Share Capital of the Company)</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| | (b) Non-encumbered : | | | | | | |
| | - Number of Shares | 54 76 335 | 54 76 425 | 54 56 225 | 54 76 335 | 54 56 225 | 54 76 335 |
| | - Percentage of Shares <i>(as a % of the total shareholding of Promoter and Promoter Group)</i> | 100% | 100% | 100% | 100% | 100% | 100% |
| | - Percentage of Shares <i>(as a % of the total Share Capital of the Company)</i> | 43.42% | 43.42% | 43.26% | 43.42% | 43.26% | 43.42% |

| Sl. No. | Particulars | Quarter ended 31 03 2015 |
|----------|---|--------------------------|
| B | INVESTOR COMPLAINTS | |
| | - Pending at the beginning of the quarter | Nil |
| | - Received during the quarter | Nil |
| | - Disposed of during the quarter | Nil |
| | - Remaining un-resolved at the end of the quarter | Nil |

STATEMENT OF ASSETS AND LIABILITIES

(₹ Lakhs)

| Sl. No. | Particulars | Standalone | | | | Consolidated | |
|----------|--|------------------|---------------|------------------|---------------|------------------|---------------|
| | | As at 31 03 2015 | | As at 31 03 2014 | | As at 31 03 2015 | |
| | | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) |
| A | EQUITY AND LIABILITIES | | | | | | |
| | 1 Shareholders' Funds | | | | | | |
| | (a) Share Capital | 1261 | | 1261 | | 1261 | |
| | (b) Reserves and Surplus | 38038 | | 37152 | | 40130 | |
| | Sub-total - Shareholders' Funds | | 39299 | | 38413 | | 41391 |
| | 2 Non Current Liabilities | | | | | | |
| | (a) Long Term Borrowings | 15758 | | 19311 | | 15758 | |
| | (b) Deferred Tax Liabilities (Net) | 10066 | | 9260 | | 10066 | |
| | (c) Other Long Term Liabilities | 1552 | | 1464 | | 1552 | |
| | (d) Long Term Provisions | 987 | | 1119 | | 987 | |
| | Sub-total - Non Current Liabilities | | 28363 | | 31154 | | 28363 |
| | 3 Current Liabilities | | | | | | |
| | (a) Short Term Borrowings | 12605 | | 16365 | | 12605 | |
| | (b) Trade Payables | 22558 | | 17665 | | 22570 | |
| | (c) Other Current Liabilities | 5864 | | 4586 | | 5984 | |
| | (d) Short Term Provisions | 1369 | | 1172 | | 1369 | |
| | Sub-total - Current Liabilities | | 42396 | | 39788 | | 42528 |
| | TOTAL - EQUITY AND LIABILITIES | | 110058 | | 109355 | | 112282 |
| B | ASSETS | | | | | | |
| | 1 Non Current Assets | | | | | | |
| | (a) Fixed Assets | 66179 | | 67524 | | 66308 | |
| | (b) Goodwill on Consolidation | 0 | | 0 | | 1178 | |
| | (c) Non-Current Investments | 3199 | | 3199 | | 4105 | |
| | (d) Long Term Loans and Advances | 2305 | | 2319 | | 2310 | |
| | Sub-total - Non Current Assets | | 71683 | | 73042 | | 73901 |
| | 2 Current Assets | | | | | | |
| | (a) Current Investments | 154 | | -- | | 154 | |
| | (b) Inventories | 13442 | | 11229 | | 13442 | |
| | (c) Trade Receivables | 12352 | | 12045 | | 12354 | |
| | (d) Cash and Cash Equivalents | 1031 | | 2996 | | 1034 | |
| | (e) Short Term Loans and Advances | 10634 | | 9359 | | 10635 | |
| | (f) Other Current Assets | 762 | | 684 | | 762 | |
| | Sub-total - Current Assets | | 38375 | | 36313 | | 38381 |
| | TOTAL - ASSETS | | 110058 | | 109355 | | 112282 |

Notes :

- The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
- The Company is engaged in the manufacture and sale of paper and paper boards. The Paper is the only reportable segment of operation of the Company.
- The Consolidated Financial Statements include the results of the wholly owned subsidiary - Esvi International (Engineers & Exporters) Limited and the Associate-M/s Ponni Sugars (Erode) Limited.
- Previous year figures for Consolidated Financial Statements are not given as these are the first Consolidated Financial Statements laid before the Company.

- 5 The Depreciation for the year ended March 31, 2015 has been charged as per the revised requirement under the Companies Act, 2013 with effect from April 01, 2014. The amount of depreciation is lower by ₹ 1 968 lakhs for Standalone and ₹ 1 971 lakhs for Consolidated Financial Statements, consequent to such change.
- 6 Based on Schedule II to the Companies Act, 2013, useful life of assets have been revised with effect from April 01, 2014. The carrying amounts of assets whose remaining useful life is zero as on April 01, 2014, have been charged to Statement of Profit and Loss under Exceptional items.
- 7 Discussions with Labour Unions / Staff Association are in progress with regard to the long term agreement on wages / salary and other benefits in Unit: Erode. In Unit: Tirunelveli an agreement has since been signed covering the above benefits.
- 8 Figures have been re-grouped, wherever necessary, to conform to current quarter's / year's classification.
- 9 The Board of Directors has recommended payment of dividend at ₹ 4 per Equity Share of ₹ 10 each for the year 2014-15.
- 10 The above results were reviewed by the Audit Committee of the Board and approved by the Board of Directors at the respective meetings held on May 29, 2015 and May 30, 2015.

(By Order of the Board)

For SESHASAYEE PAPER AND BOARDS LIMITED

N GOPALARATNAM

Chairman

Place : Chennai

Date : May 30, 2015



SESHASAYEE PAPER AND BOARDS LIMITED

CIN : L21012TZ1960PLC000364

Registered Office: Pallipalayam, Namakkal District, Cauvery RS PO, Erode - 638 007, Tamilnadu, India.

Phone : (91) (4288) 240221 - 228, Fax : (91) (4288) 240229, Email : secretarial@spbltd.com, Web : www.spbltd.com

ATTENDANCE SLIP

55th ANNUAL GENERAL MEETING

I / We hereby record my / our presence at the 55th Annual General Meeting of the Company at "Community Centre", SPB Colony, Erode 638 010, Tamilnadu, on Saturday, August 01, 2015, at 11.00 AM.

Member's Folio /
Dp ID-Client ID No.

Member's / Proxy's Name
in Block Letters

Member's / Proxy's
Signature

VOTING THROUGH ELECTRONIC MEANS

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

Note:

- 1 Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
- 2 Physical copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting (AGM), along with Attendance Slip and Proxy Form, is sent in the permitted mode to all members to their registered address.

**SESHASAYEE PAPER AND BOARDS LIMITED**

CIN : L21012TZ1960PLC000364

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

Ph: (91)(4288)2402211 - 240228, Fax: (91)(4288)240229 Email:secretarial@spbld.com

SI No.

BALLOT FORM

(in lieu of e-voting)

- 1 Name(s) of Shareholder(s) :
(including Joint Holders, if any)
- 2 Registered address of the :
Sole / First named Shareholder
- 3 Folio No. / DP ID No. / Client ID No. :
- 4 No. of Shares held :

I / We hereby exercise my / our vote in respect of the Resolution(s) to be passed for the business stated in the Notice dated May 30, 2015 convening the 55th Annual General Meeting of the Company to be held on August 01, 2015 by conveying my / our assent or dissent to the said Resolution(s) by placing the (✓) mark in the appropriate box below :

| Item No. | Description | Type of Resolution | No. of Equity Shares | I/We assent to the Resolution (FOR) | I/We dissent to the Resolution (AGAINST) |
|----------|--|---------------------|----------------------|-------------------------------------|--|
| | Ordinary Business : | | | | |
| 1 | Adoption of Accounts for the year ended 31st March 2015 and Report of Directors and Auditors thereon. | Ordinary Resolution | | | |
| 2 | Declaration of Dividend for the year 2014-15. | Ordinary Resolution | | | |
| 3 | Re-appointment of Sri V Pichai as Director who retires by rotation. | Ordinary Resolution | | | |
| 4 | Ratification of appointment of M/s Suri & Co., M/s S Viswanathan and M/s Maharaj N R Suresh and Co., Chartered Accountants, as Statutory Auditors. | Ordinary Resolution | | | |
| | Special Business : | | | | |
| 5 | Appointment of Sri Hans Raj Verma, IAS, as a Director. | Ordinary Resolution | | | |
| 6 | Payment of remuneration to Cost Auditors, M/s S Mahadevan & Co., Cost Accountants. | Ordinary Resolution | | | |

Place :

Date :

(Signature of the Shareholder)

Notes :

- (i) Kindly read the instructions printed overleaf carefully before filling the form.
- (ii) Valid Ballot Forms received by the Scrutiniser by 05.00 PM on July 24, 2015 shall only be considered.

INSTRUCTIONS

- 1 Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to Sri B Kalyanasundaram, Practicing Company Secretary, Scrutiniser, C/o Integrated Enterprises (India) Limited, (Unit : Seshasayee Paper and Boards Limited), 2nd Floor, Kences Towers, No. 1, Ramakrishna Street, Off. North Usman Road, T Nagar, Chennai 600 017, so as to reach by 05.00 PM on July 24, 2015. Ballot Form received thereafter will strictly be treated as if not received.
- 2 The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
- 3 Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutiniser on the validity of the forms will be final.
- 4 In the event Member casts his votes through both the processes, i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
- 5 The right of voting by Ballot Form shall not be exercised by a Proxy.
- 6 To avoid fraudulent transactions, the identity/ signature of the Members holding shares in electronic/ demat form is verified with the specimen signatures furnished by NSDL/ CDSL and that of Members holding shares in physical form is verified as per the records of the Share Transfer Agents of the Company (i.e. M/s. Integrated Enterprises (India) Limited). Members are requested to keep the same updated.
- 7 There will be only one Ballot Form for every Folio/DP ID/Client ID irrespective of the number of Joint Members.
- 8 In case of joint holders, the Ballot Form should be signed by the first named Shareholder and in his/ her absence by the next named Shareholders. Ballot Form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
- 9 Where the Ballot Form has been signed by an authorised representative of the body corporate/Trust/ Society, etc. a certified copy of the relevant authorisation/ Board Resolution to vote should accompany the Ballot Form.
- 10 Instructions for E-voting procedure are available in the Notice of the Annual General Meeting and are also placed on the website of the Company, www.spbltd.com

**SESHASAYEE PAPER AND BOARDS LIMITED**

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

CIN : L21012TZ1960PLC000364

Form No. MGT-11

PROXY FORM

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

Name of the Member (s) :

Registered Address :

E-mail ID :

Folio No. Client Id, DP ID :

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

1. Name : Address:

E-mail ID : Signature:

or failing him,

2. Name : Address:

E-mail ID : Signature:

or failing him,

3. Name : Address:

E-mail ID : Signature:

as my / our proxy to attend and vote (on a Poll) for me / us and on my / our behalf at the 55th Annual General Meeting of the Company, to be held on Saturday, 1st August 2015, at 11.00 AM at "Community Centre", SPB Colony, Erode 638 010, Tamilnadu and at any adjournment thereof in respect of such Resolutions as are indicated below:

| Resolution No. | Description of Resolution | Type of Resolution | Optional | |
|----------------|---|---------------------|----------|---------|
| | | | For | Against |
| | Ordinary Business : | | | |
| 1 | Adoption of Accounts for the year ended 31st March 2015 and Report of Directors and Auditors thereon | Ordinary Resolution | | |
| 2 | Declaration of Dividend for the year 2014-15 | Ordinary Resolution | | |
| 3 | Re-appointment of Sri V Pichai as Director who retires by rotation | Ordinary Resolution | | |
| 4 | Ratification of appointment of M/s Suri & Co., M/s S Viswanathan and M/s Maharaj N R Suresh and Co., Chartered Accountants, as Statutory Auditors | Ordinary Resolution | | |

| Resolution No. | Description of Resolution | Type of Resolution | Optional | |
|----------------|--|---------------------|----------|---------|
| | | | For | Against |
| | Special Business : | | | |
| 5 | Appointment of Sri Hans Raj Verma, IAS, as a Director | Ordinary Resolution | | |
| 6 | Payment of remuneration to Cost Auditors, M/s S Mahadevan & Co., Cost Accountants. | Ordinary Resolution | | |

Signed this..... day of.....2015

Signature of shareholder

Affix Rs.1
Revenue
Stamp

Signature of Proxy holder(s)


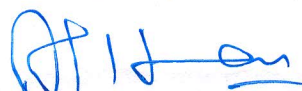





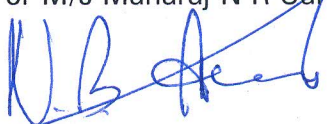

Note:

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

FORM A

(Clause 31(a) of the Listing Agreement)

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

| | | |
|----|---|--|
| 1. | Name of the Company | Seshasayee Paper and Boards Limited |
| 2. | Annual financial statements for the year ended | 31 st March 2015 |
| 3. | Type of Audit observation | Un-qualified. |
| 4. | Frequency of observation | The Company remain in the regime of unqualified financial statements. |
| 5 | Signed by | |
| | Sri K S Kasi Viswanathan Managing Director | For Seshasayee Paper and Boards Limited  (K S KASI VISWANATHAN) Managing Director |
| | Sri V Pichai Deputy Managing Director & Secretary | For Seshasayee Paper and Boards Limited  (V PICHAI) Deputy Managing Director and Secretary |
| | Sri R V Gupta Audit Committee Chairman |  |
| | Auditors | For M/s Suri & Co.  Mr S Swaminathan Partner, Membership No: 020583  For M/s S Viswanathan  Mr Chella K Srinivasan Partner, Membership No. 023305  For M/s Maharaj N R Suresh and Co.  Mr N R Suresh Partner, Membership No. 021661  |