

Seshasayee Paper and Boards Limited

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Forty third Annual Report

2002-03

SESHASAYEE PAPER AND BOARDS LIMITED

DIRECTORS

Sri N GOPALARATNAM, *Chairman and Managing Director*

Sri S P ELANGO VAN, I A S

Dr V GAURI SHANKER

Sri R V GUPTA, *Nominee of IDBI*

Sri BIMAL KUMAR PODDAR

Sri M R B PUNJA

Sri P V RAJARAMAN, I A S, *Nominee of TIIC*

Dr G RANGASWAMI

Sri N RAVINDRANATHAN

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

**VICE PRESIDENT (FINANCE) &
SECRETARY**

Sri V PICHAI

AUDITORS

Messrs SURI & CO., Chennai

Messrs S VISWANATHAN, Chennai

FINANCIAL INSTITUTION / BANKS

INDUSTRIAL DEVELOPMENT BANK OF INDIA

UCO BANK

SYNDICATE BANK

CENTRAL BANK OF INDIA

CANARA BANK

UNITED BANK OF INDIA

STATE BANK OF INDIA



REGD. OFFICE & WORKS

PALLIPALAYAM, CAUVERY RS PO

ERODE - 638 007, TAMIL NADU

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SESHASAYEE PAPER AND BOARDS LIMITED**NOTICE**

Notice is hereby given that the Forty third Annual General Meeting of the Members of the Company will be held at the Community Centre, SPB Colony, Erode 638 010, on Friday, the July 25, 2003, at 10.15 AM, to transact the following business :

ORDINARY BUSINESS

- 1 To consider and adopt the Balance Sheet as at 31st March 2003, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2 To declare a dividend.
- 3 To appoint Directors, in the place of Sri M R B Punja and Dr G Rangaswami who retire by rotation and being eligible, offer themselves for re-appointment.
- 4 To consider and, if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 224-A of the Companies Act, 1956, Messrs Suri & Co., Chennai and Messrs S Viswanathan, Chennai, the retiring Auditors, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting, on a remuneration of Rs 1 50 000, for each of them, together with Service Tax, if any, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the Audit."

SPECIAL BUSINESS

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

"RESOLVED THAT Sri S P Elangovan, I A S, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Sri Bimal Kumar Poddar be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Sections 269, 309, 198, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, as may be necessary, approval of the Members of the Company be and is hereby accorded to the re-appointment of Sri N Gopalratnam as Chairman and Managing Director of the Company for a period of three years, with effect from April 1, 2003 and upto March 31, 2006, to exercise all the powers of management, subject to the supervision and control of the Board of Directors, on the terms and conditions set out below:

SALARY:

Rs 1 00 000/- (Rupees one lakh only) per month.

COMMISSION:

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

PERQUISITES:

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

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

MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits in any financial year, the Chairman and Managing Director shall be paid a Special Allowance not exceeding Rs 6 00 000 (Rupees six lakhs only) per year, in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956. No commission is payable in such an year.

SESHASAYEE PAPER AND BOARDS LIMITED

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

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

"RESOLVED THAT the consent of the Company be and is hereby accorded, in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Financial Institutions / Banks, to mortgaging and / or charging by way of second charge by the Board of Directors of the Company, of all the immovable properties of the Company wheresoever situate, present and future and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of the following, namely:

- ◇ UCO Bank (UCO)
- ◇ Syndicate Bank (SYB)
- ◇ Central Bank of India (CBI)
- ◇ Canara Bank (CB) and
- ◇ United Bank of India (UBI)

to secure, on second charge basis, the due repayment of working capital limits, not exceeding Rs 10000 lakhs (Rupees ten thousand lakhs only), lent and advanced / agreed to be lent and advanced, by the Banks, viz., UCO, SYB, CBI, CB and UBI, together with interest thereon, at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other moneys payable by the Company, to UCO, SYB, CBI, CB and UBI, under the respective Deeds of Hypothecation / Bills Purchase agreement / Counter Guarantees for issuing Letters of Guarantee / Application for opening Letters of Credit / Letters of sanction, entered into / to be entered into by the Company, in respect of the said working capital limits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise with Industrial Development Bank of India (IDBI), UCO, SYB, CBI, CB and UBI, the documents for creating the aforesaid second mortgage / charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Exchange Board of India Act, 1992, Securities Contracts (Regulations) Act, 1956, Securities Exchange Board of India (De-listing of Securities) Guidelines - 2003, Listing Agreements, including any statutory modifications or re-enactments thereof and any rules framed there under and other applicable laws, rules and regulations and guidelines and subject to such other approvals, permissions, sanctions, etc., as may be necessary and subject to such conditions as may be prescribed by any authority while granting such approvals, permissions, sanctions, etc., which may be agreed to by the Board of Directors, (herein referred to as "the Board", which expression shall be deemed to include any Committee of the Board for the time being, exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to voluntarily de-list the Equity Shares of the Company from the following three Stock Exchanges:

- ◇ Madras Stock Exchange Limited
- ◇ The Calcutta Stock Exchange Association Limited and
- ◇ Bangalore Stock Exchange Limited

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts, deeds and things as it may in its absolute discretion deem necessary, desirable and appropriate to give effect to the above Resolution."

(By Order of the Board)

For SESHASAYEE PAPER AND BOARDS LIMITED

(V PICHAI)

VICE PRESIDENT (FINANCE) & SECRETARY

Chennai

June 14, 2003

SESHASAYEE PAPER AND BOARDS LIMITED

NOTES:

- 1 The relative Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business set out under items 5 to 9 is annexed hereto.
- 2 For appointment of Directors, disclosure, as required under Clause 49 of the Listing Agreement is annexed hereto.
- 3 A Member, entitled to attend and vote at the meeting, is entitled to appoint one or more Proxies, to attend and vote on a poll, instead of himself and such Proxy need not be a Member of the Company.
- 4 Proxies, in order to be effective, must be filed with the Company not later than 48 hours before the meeting.
- 5 The Register of Members and Share Transfer Books will be closed from Wednesday, the July 16, 2003, to Friday, the July 25, 2003. (both days inclusive).
- 6 Dividend, if declared, will be paid to the Members whose names appear on the Register of Members as on July 25, 2003 and in respect of shares held in Electronic Form, to the beneficial owners, as per list that will be furnished by National Securities Depository Limited / Central Depository Services (India) Limited, as on that date.
- 7 Members holding shares in physical form are requested to notify, promptly, any change in their address, to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai, quoting their Membership Number, besides changes, if any, in the Dividend Mandates given by them and those holding shares in Electronic Form, may communicate the above information to their respective Depository Participants.
- 8 The amended provisions of the Companies Act, 1956, provide for Nomination facility to Members. Members are requested to write to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai, for more information, if any needed, on Nomination facility and / or to get a copy of Nomination Form.
- 9 Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends, upto the financial year ended March 31, 1995, have been transferred to the General Reserve Account of the Central Government.
- Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Second Floor, Coimbatore Stock Exchange Building, Tiruchi Main Road, Singanallur, Coimbatore 641 005, Tamilnadu. In case any assistance is required in this regard, please write to the Registered Office of the Company.
- 10 As regards dividends pertaining to the financial year ended March 31, 1996 and thereafter, amounts remaining in the unpaid dividend accounts of the Company, shall, at the expiry of 7 years, be transferred to the Investor Education and Protection Fund, established by the Central Government. Thereafter, the Members shall have no claim against the Fund or the Company, in respect of his unpaid dividend. Members are, therefore, requested to lodge their claims for unpaid dividend, if any, immediately with the Company.
- 11 For Dematerialisation of Equity Shares, the Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's Equity Shares have been included in the list in which trading is compulsory for all the investors in dematerialised form, along with other scrips, from July 24, 2000. Hence, Members are requested to convert their physical share certificates into DEMAT form, through their Depository Participants.
- 12 So far, more than 2/3 of the total number of Shares, in the Equity Capital of the Company, have been dematerialised. In view of the advantages of the Depository System and for easy trading of the shares, Members are requested to opt for Dematerialisation of the shares of the Company, through any of the Depository Participants of their choice.
- 13 Members holding shares in DEMAT form are requested to incorporate the DP ID Number and Client ID Number in the Attendance Slip / Proxy Form, for easy identification of attendance at the meeting.
- 14 For receiving Dividend through Electronic Clearing Service (ECS), in the notified Centres, Members are requested to forward the Form attached to the Circular letter, duly filled in, to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai or to their respective Depository Participants.

SESHASAYEE PAPER AND BOARDS LIMITED**EXPLANATORY STATEMENT**

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

Item No. 5

Consequent to the nomination by the Tamilnadu Government, Sri S P Elangovan, I A S, was appointed as an additional Director by the Board of Directors, in the vacancy caused by the relinquishment of office by Sri S Ramakrishnan, I A S who was earlier appointed in the casual vacancy caused by the resignation of Mrs Girija Vaidyanathan, I A S.

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

Sri S P Elangovan, I A S, has filed with the Company his consent under Section 264(1) of the Companies Act, 1956, to act as a Director, if appointed.

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

Sri S P Elangovan, I A S, is concerned and interested in his appointment and none of the other Directors is concerned or interested in the said appointment.

Item No. 6

Board of Directors appointed Sri Bimal Kumar Poddar as an additional Director, with effect from January 25, 2003.

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

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

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

Sri Bimal Kumar Poddar is concerned and interested in his appointment and none of the other Directors is concerned or interested in the said appointment.

Item No. 7

Sri N Gopalaratnam was first appointed as the Managing Director of the Company in April 1988. He has completed his fifth term of three years as the Managing Director on March 31, 2003. On the passing away of Sri S Viswanathan, the Founder and the then Chairman in July 2001, the Board of Directors elected Sri N Gopalaratnam as Chairman of the Board and he continues as Chairman and Managing Director then onwards.

Sri N Gopalaratnam assumed office as Managing Director when the Company's operations and financial position were not healthy. His able leadership, commitment and devotion brought back the Company to its good health.

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

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

Currently, the Company is contemplating establishment of a captive Power Plant of 20 MW Capacity. Its immediate implementation is in the best interest of the Company to insulate it from ever increasing energy costs.

SESHASAYEE PAPER AND BOARDS LIMITED

The continued leadership and services of Sri N Gopalaratnam are considered essential for sustained growth of the Company.

Accordingly, the Board of Directors, at their meeting held on March 29, 2003, re-appointed Sri N Gopalaratnam as Chairman and Managing Director for a further term of 3 years from April 1, 2003, on the terms and conditions set out in the Resolution.

The remuneration package is well within the overall limit prescribed under Schedule XIII to the Companies Act, 1956, which permits our Company to pay a salary not exceeding 5% of the net profits in any year.

In the event of loss or inadequacy of profits in any financial year, the Chairman and Managing Director shall be paid a Special Allowance not exceeding Rs 6 00 000 (Rupees six lakhs only) per year, in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956. No commission is payable in such an year.

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

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

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

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

The foregoing may be treated as an abstract of the terms and conditions governing the

appointment and remuneration and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

Item No. 8

At the request of the Company, the consortium of working capital Bankers viz., UCO, SYB, CBI, CB and UBI has sanctioned various working capital limits consisting of Working Capital Demand Loans, Foreign Currency Loans {FCNR(B)}, Cash Credit, Bills Purchase, Letters of Credit and Letters of Guarantee. While these limits are secured by way of hypothecation of stocks of stores, raw materials including goods in transit, stock in trade, stock in process and book debts of the Company, the bankers have stipulated that these limits are also to be secured by a second charge on all the immovable properties of the Company, present and future.

For creation of the second charge in favour of the working capital Bankers, approval of the Members in General Meeting is required under Section 293(1)(a) of the Companies Act, 1956.

Copies of sanction letters from Bankers / Minutes of the Meeting of the Consortium of Bankers and other relevant documents are available for inspection of Members on any working day at the Registered Office of the Company during business hours prior to the date of the meeting.

None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 9

The Equity Shares of the Company are currently listed in the following five Stock Exchanges:

- ◇ National Stock Exchange of India Limited,
- ◇ The Stock Exchange, Mumbai
- ◇ Madras Stock Exchange Limited,
- ◇ The Calcutta Stock Exchange Association Limited and
- ◇ Bangalore Stock Exchange Limited.

While daily transactions are regularly reported in National Stock Exchange of India Limited and The Stock Exchange, Mumbai there are absolutely no trading in the Company's Equity

SESHASAYEE PAPER AND BOARDS LIMITED

Shares in other three Stock Exchanges, for the past few years. Compulsory trading in De-mat form also made trading in these regional Stock Exchanges non attractive.

Further, with the extensive connectivity of the National Stock Exchange and Bombay Stock Exchange, investors have access to dealings in the Equity Shares of the Company all over the country.

Further, the listing fee paid to these Stock Exchanges has no value in the absence of any trading in the Equity Shares of the Company in these Stock Exchanges.

In the above circumstances, it is thought fit to de-list the Company's Shares from these three Stock Exchanges.

Securities Exchange Board of India (SEBI) has come out recently with Guidelines for de-listing

of securities, called Securities and Exchange Board of India (De-listing of Securities) Guidelines - 2003. The Company will comply with these Regulations while seeking permission of the three Stock Exchanges for de-listing.

The proposed de-listing will not affect the investors, as the Company's Equity Shares will continue to be listed on the National Stock Exchange and Bombay Stock Exchange.

None of the Directors of the Company is concerned or interested in the said resolution.

(By Order of the Board)

For SESHASAYEE PAPER AND BOARDS LIMITED

(V PICHAI)

VICE PRESIDENT (FINANCE) & SECRETARY

Chennai

June 14, 2003



SESHASAYEE PAPER AND BOARDS LIMITED**Appointment of Directors:**

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

Name of the Director	:	Sri M R B Punja	Dr G Rangaswami	Sri S P Elangovan, I A S
Date of Birth and Age	:	15 12 1925 (77 years)	10 05 1925 (78 years)	14 02 1945 (58 years)
Date of appointment	:	10 03 1990	14 08 1985	25 01 2003
Expertise in specific functional areas	:	Financial Consultant. Development Banker and Former Chairman of Industrial Development Bank of India	Former Vice Chancellor of Tamilnadu Agricultural University and an eminent Agricultural Scientist of International repute	He is the Member of the Indian Administrative Service and has held varied administrative positions in Government. He is presently Secretary to the Government, Environment and Forests Department, Government of Tamilnadu
Qualification	:	B. A	Ph. D (Rutgers)	I A S
Directorships in other companies	:	Andhra Petro Chemicals Limited L M L Limited Suprajit Engineering Limited Suprajit Chemicals Private Limited (Subsidiary of Suprajit Engineering Limited) Adeep Roloforms Limited Adeep Locks Limited Hindoostan Spinning and Weaving Mills Limited Tamilnadu Petroproducts Limited Apollo Tyres Limited Deepak Nitrite Limited Chowgule Steamship Limited Ploychem Limited Susruta Medical Aid and Research Hospital Limited Delite Engineering Private Limited Adeep Auto Private Limited Aleef India Private Limited Agrim Automach Pvt Ltd	Nil	SIV Industries Limited Tamilnadu Tea Plantation Corporation Limited Tamilnadu Forest Plantation Corporation Limited Tamilnadu Tourism Development Corporation Limited Arasu Rubber Corporation Limited Tamilnadu Pollution Control Board (Member)