

# *Seshasayee Paper and Boards Limited*

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*Fifty Second Annual Report*

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*2011-12*

## SESHASAYEE PAPER AND BOARDS LIMITED

### DIRECTORS

Sri N GOPALARATNAM, *Chairman and Managing Director*

Sri ARUN G BIJUR

Sri BIMAL KUMAR PODDAR

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

Dr S NARAYAN, I A S (Retd.)

Sri Md NASIMUDDIN, I A S, *Nominee of TIIC*

Mrs PHILOMINA THOMAS, *Nominee of LIC*

Sri C V SANKAR, I A S

Sri V SRIDAR

Sri K S KASI VISWANATHAN, *Deputy Managing Director*

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

### AUDITORS

Messrs SURI & CO., Chennai

Messrs S VISWANATHAN, Chennai

### COST AUDITOR

Messrs S MAHADEVAN & CO., Coimbatore

### INTERNAL AUDITOR

Messrs MAHARAJ N R SURESH & CO., Chennai

### BANKS

SYNDICATE BANK

CANARA BANK

CENTRAL BANK OF INDIA

UCO BANK

STATE BANK OF INDIA



### REGD. OFFICE & WORKS


PALLIPALAYAM, CAUVERY RS PO

ERODE - 638 007, TAMIL NADU

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## **NOTICE**

 Notice is hereby given that the Fifty Second Annual General Meeting of the Members of the Company will be held at the Community Centre, SPB Colony, Erode 638 010, on Saturday, the July 28, 2012, at 11.00 AM, to transact the following business :

### **ORDINARY BUSINESS**

- 1 To consider and adopt the Balance Sheet as at 31st March 2012, the Statement of Profit and Loss 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 V Sridar and Sri Arun G Bijur who retire by rotation and being eligible, offer themselves for re-appointment.
- 4 To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. Messrs Suri & Co., Firm Registration No. 004283S, Chennai and Messrs S Viswanathan, Firm Registration No.004770S, Chennai, Chartered Accountants, the retiring Auditors are eligible for re-appointment.

### **SPECIAL BUSINESS**

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

“RESOLVED THAT Sri C V Sankar, 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 Mrs Philomina Thomas, 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 pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing moneys for the purpose of the business of the Company, from time to time, upon such terms and conditions as they think fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the Paid up Capital of the Company and its Free Reserves, provided that the total amount upto which money be borrowed by the Board of Directors, apart from the temporary loans obtained from the Company's bankers in the ordinary course of business, shall not exceed ₹ 1000 crores (Rupees one thousand crores only).

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

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

(V PICHAI)  
Director (Finance) & Secretary

Chennai  
May 29, 2012

**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 7 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 Friday, the July 20, 2012, to Saturday, the July 28, 2012 (both days inclusive).
- 6 Dividend, if declared, will be paid to the Members whose names appear on the Register of Members as on July 28, 2012 and in respect of shares held in Electronic Form, to the beneficial owners, as per list that will be furnished by National Securities Depository Limited / Central Depository Services (India) Limited, as on that date.
- 7 Members holding shares in physical form are requested to notify, promptly, any change in their address, to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai, quoting their Membership Number, besides changes, if any, in the Dividend Mandates given by them and those holding shares in Electronic Form, may communicate the above information to their respective Depository Participants.
- 8 The amended provisions of the Companies Act, 1956, provide for Nomination facility to Members. Members are requested to write to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai, for more information, if any needed, on Nomination facility and / or to get a copy of Nomination Form.
- 9 Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends, upto the financial year ended March 31, 1995, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Second Floor, Coimbatore Stock Exchange Building, Trichi Main Road, Singanallur, Coimbatore 641 005, Tamilnadu. In case any assistance is required in this regard, please write to the Registered Office of the Company.
- 10 As regards dividends pertaining to the financial year ended March 31, 1996 and thereafter, amounts remaining in the Unpaid Dividend Accounts of the Company have to be transferred to the Investor Education and Protection Fund, established by the Central Government, at the expiry of seven years from the date of transfer to the respective year's Unpaid Dividend Account. Thereafter, the Members shall have no claim against the Fund or the Company, in respect of his unpaid dividend. Such transfer has already been effected with regard to the unpaid dividend for the financial years 1995-96 to 2003-04. The unpaid dividend for the financial year 2004-05 will be transferred to the above Fund during August 2012. Members are, therefore, requested to lodge their claims for unpaid dividend, if any, immediately with the Company.
- 11 In view of the advantages of the Depository System and for easy trading of the shares, Members are requested to opt for Dematerialisation of the shares of the Company, through any of the Depository Participants of their choice.
- 12 Members holding shares in DEMAT form are requested to incorporate the DP ID Number and Client ID Number in the Attendance Slip / Proxy Form, for easy identification of attendance at the Meeting.
- 13 For receiving Dividend through National Electronic Clearing Service (NECS), in the notified Centres, Members are requested to forward the Form attached to the Circular letter, duly filled in, to the Registrar and Share Transfer Agents of the Company, M/s Integrated Enterprises (India) Limited, Chennai or to their respective Depository Participants.
- 14 Furnishing of Permanent Account Number (PAN) has been made mandatory by SEBI for all securities market transactions and off market /

private transactions involving transfer of shares in physical form. It is mandatory for transferee(s) to furnish copy of PAN card to the Company / RTA for registration of transfer of such shares. It has further been clarified by SEBI that it is mandatory to furnish a copy of PAN for (i) for deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders (ii) transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares and (iii) transposition of shares, when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

- 15 The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" to allow paperless compliances by the corporate sector. MCA, by its Circular dated April 21, 2011, has now made permissible the service of documents through electronic mode to shareholders.

To support the Green Initiative of the Government, it is proposed to send, henceforth, all Notices, Annual Report and other communications through e-mail. For the above purpose, we request you to send an e-mail confirmation to our designated ID

investor@spbltd.com mentioning your name, DP / Customer ID or Folio number and your e-mail ID for communication.

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

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

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

(V PICHAI)  
Director (Finance) & Secretary

Chennai  
May 29, 2012

**EXPLANATORY STATEMENT**

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

**Item No. 5**

Consequent to nomination by the Government of Tamilnadu, Sri C V Sankar, IAS, was appointed as an Additional Director by the Board of Directors, at the meeting held on November 04, 2011, in the vacancy caused by the relinquishment of office by Dr V Irai Anbu, IAS, who was earlier appointed in the casual vacancy caused by the withdrawal of nomination of Sri Debendranath Sarangi, IAS.

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

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

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

Sri C V Sankar, 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**

Life Insurance Corporation of India (LIC), nominated Mrs Philomina Thomas, Executive Director (Principal, Zonal Training Centre, LIC of India, Gurgaon), as a Director on the Board of our Company, to represent LIC.

LIC is holding 4.64% in the Equity Capital of the Company. Earlier LIC used to nominate their representatives on the Board when they had extended financial assistance in the form of Term Loans for our Projects. On repayment of the

said Loans, LIC discontinued such nominations. In view of their significant shareholding in the Company, LIC has again nominated their representative.

Board of Directors, at the meeting held on November 04, 2011, appointed Mrs Philomina Thomas, as an Additional Director liable to retire by rotation under Article 97 of the Articles of Association of the Company.

She 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 Mrs Philomina Thomas, as a Director of the Company.

Mrs Philomina Thomas has filed with the Company her consent under Section 264(1) of the Companies Act, 1956, to act as a Director, if appointed.

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

Mrs Philomina Thomas, is concerned and interested in her appointment and none of the other Directors is concerned or interested in the said appointment.

**Item No. 7**

Our Company (SPB), on a detailed techno commercial evaluation in 2011, decided to acquire SPB Papers Limited (SPBPL) (formerly Subburaj Papers Limited), by itself and through its Associates, with 100% Equity buyout from its erstwhile Promoters.

SPB, while finalising the acquisition of SPBPL in February 2011, had clear plans to amalgamate the same with it at the appropriate time and had disclosed this intent to the Stock Exchanges in its filing on 01 02 2011.

The Company, with its technical, financial and managerial inputs, has successfully de-bottlenecked the plant operations of SPBPL and has fairly stabilised production during the Financial Year 2011-12. Further, product quality of SPBPL is now well accepted by both the domestic and export markets.

In these circumstances and in the business interest of SPB and SPBPL and having regard to the synergistic linkages that exist between them, the Board of Directors have considered and proposed the amalgamation of the entire undertaking and business of the SPBPL with SPB. The amalgamation will enable appropriate consolidation of SPB and SPBPL with pooling and more efficient utilization of their combined resources, greater economy of scales, reduction in overheads and other expenses and improved operating performance. The benefit of such integrated operations could be derived from better resource management, reduction in overall working capital requirements and tie-up of resources on more competitive terms. The amalgamation will enable the business of the merged SPB to be carried on more conveniently and advantageously. The product range of SPB and SPBPL are complementary and hence the combined operations would help cater to a wider market segment. With the help of De-inking Plant located in SPBPL and facility to handle recovered fibre, there would be diversified raw material source, including environment friendly source of raw material, for the combined operations of SPB, post-amalgamation. The amalgamation is thus intended to have beneficial results for the said companies, their shareholders and other stakeholders.

Accordingly, the Board of Directors of both SPBPL and SPB have formulated and approved a Scheme of Amalgamation for the transfer and vesting of the Undertaking of SPBPL with and into SPB, pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 at their meeting held on April 19, 2012. It is proposed to give effect to the amalgamation from the beginning of Financial Year 2012-13, i.e., with 'Appointed Date' as 01 04 2012.

The Scheme of Amalgamation envisages transfer of the entire undertaking and business of the SPBPL, viz., the entire assets and liabilities to SPB in order to benefit the stakeholders of said companies.

On amalgamation, the Term Loan outstanding in the books of SPBPL will get transferred to SPB, along with other assets and liabilities. Further, SPB will also undertake further expansion projects in SPBPL site where large stretch of land is available. This will also involve further borrowings. Under these circumstances, the present borrowing powers of the Board of Directors at ₹ 600 crores, as approved by the Members at the Extra-ordinary General Meeting held on December 24, 2005 is inadequate. Hence, it is proposed to increase the borrowing limit of the Board of Directors to ₹ 1000 crores.

Under Section 293 of the Companies Act, 1956, the approval of the Company in General Meeting is necessary for the Board of Directors to borrow moneys (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Paid up Capital and its Free Reserves. The Resolution according sanction should also specify the limit upto which Board of Directors can borrow.

Your Directors, therefore, recommend fixing of a limit of ₹ 1000 crores for their borrowings.

The Draft Scheme of Amalgamation and other related papers thereto 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 interested or concerned in the Resolution(s).

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

(V PICHAI)  
Director (Finance) & Secretary

Chennai  
May 29, 2012



### **Appointment of Directors :**

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

#### **Sri V SRIDAR :**

<b>Date of birth and age</b>	:	27 07 1947 (64 years)
<b>Date of appointment</b>	:	04 06 2009
<b>Expertise in specific functional areas</b>	:	<p>Sri V Sridar is a Science Graduate and Chartered Accountant with a brilliant academic record.</p> <p>He has to his credit more than three decades (1975 to 2007) of service in large public sector nationalised Banks. In 1975 he joined Union Bank of India in the Officer's Cadre and rose to positions of Chief Manager, Regional Manager, Assistant General Manager, Deputy General Manager and finally was the General Manager of the Bank between 1996 and 2000.</p> <p>He was elevated and transferred as Executive Director of UCO Bank in 2000. In 2002, again he was promoted and transferred as Chairman and Managing Director of National Housing Bank. He served in that position till 2004.</p> <p>In 2004, again he was promoted and posted as Chairman and Managing Director of UCO Bank which position he held till 2007. On superannuation he retired from that position in July 2007.</p> <p>During his tenure as Chairman and Managing Director, UCO Bank witnessed tremendous growth. Total business volume and operating profits of the Bank almost doubled. The Gross Non Performing Assets came down from about 6% to 3% and Net Non Performing Assets to around 2%. He was instrumental in bringing about organisation restructure of UCO Bank from the erstwhile geographically oriented four tier organisation structure to a functionally oriented three tier structure with due focus on the business strategy to be adopted by the Bank in future by segmenting the customers into Big Corporates, Mid Corporates, Small Enterprises and Retail Customers.</p>
<b>Qualification</b>	:	B Sc., ACA
<b>Number of shares held in the Equity Capital of the Company</b>	:	Nil

**Sri V SRIDAR (Contd.)**

<b>Relationship with other Directors</b>	:	He is not related to any other Director.
<b>Directorship in other companies</b>	:	STCI Finance Limited STCI Primary Dealer Limited Morpheus Capital Advisers Private Limited Lanco Tanjore Power Company Limited ICICI Bank Limited Ponni Sugars (Erode) Limited Sarada Metals and Alloys Limited Lanco Vidarbha Thermal Power Limited Aadhar Housing Finance Private Limited Hindusthan Natural Glass & Industries Ltd SPB Papers Limited SICOM Limited IDFC AMC Trustee Company Limited
<b>Committee / executive positions held in other companies</b>	:	STCI Primary Dealer Limited - Audit Committee - Member STCI Finance Limited : - Audit Committee - Member - Credit & Investment Committee - Member - H R Committee - Member Ponni Sugars (Erode) Limited : - Audit Committee - Chairman - Remuneration Committee - Member Lanco Tanjore Power Company Limited : - Audit Committee - Chairman ICICI Bank Limited : - Audit Committee - Member - Risk Management Committee - Member - Fraud Monitoring Committee - Chairman - Share Transfer Committee - Member Lanco Vidarbha Thermal Power Company Ltd : - Audit Committee - Chairman - Remuneration Committee - Chairman Sarada Metals and Alloys Ltd : - Audit Committee - Chairman Hindustan Natural Glass & Industries Ltd : - Audit Committee - Member Aadhar Housing Finance P Ltd : - Audit Committee - Chairman