

Seshasayee Paper and Boards Limited



Fifty Seventh Annual Report

2016-17

SESHASAYEE PAPER AND BOARDS LIMITED

DIRECTORS

Sri N GOPALARATNAM, *Chairman*

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

Mr MD NASIMUDDIN, I A S, *Nominee of
Government of Tamilnadu*

Dr NANDITHA KRISHNA

Dr S NARAYAN, I A S (Retd.)

Sri SATYABRATA SAHOO, I A S, *Nominee of TIIC*

Sri A L SOMAYAJI

Sri V SRIDAR

Sri K S KASI VISWANATHAN

Sri V PICHAI

AUDITORS

M/s SURI & CO., Chennai

M/s S VISWANATHAN LLP, Chennai

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

COST AUDITOR

M/s S MAHADEVAN AND CO., Chennai

SECRETARIAL AUDITOR

M/s B K SUNDARAM & ASSOCIATES, Trichi

BANKS

SYNDICATE BANK

CANARA BANK

CENTRAL BANK OF INDIA

REGD. OFFICE



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

CIN : L21012TZ1960PLC000364


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NOTICE

 Notice is hereby given that the 57th Annual General Meeting of the Company will be held at “Community Centre”, SPB Colony, Erode 638 010, on Saturday, the 29th July 2017, 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 2017, 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 a dividend on Equity Shares.

3 Ratification of existing Auditors’ appointment and appointment of new Auditor

To consider and, if thought fit, to pass with or without modifications, the following Resolution(s) as an ORDINARY RESOLUTION :

- (i) “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 M/s Maharaj N R Suresh & Co., (Firm Registration No. 001931S), Chartered Accountants, Chennai, as Auditors made by Shareholders at the 54th Annual General Meeting to hold office till the conclusion of the 58th Annual General Meeting.
- (ii) RESOLVED FURTHER THAT with retirement of M/s Suri & Co., (Firm Registration No. 004283S) and M/s SViswanathan LLP (Registration No. 004770S / S200025), Chartered Accountants, Chennai at the expiry of the term of their appointment,

the Company do hereby appoint M/s R Subramanian and Company LLP (Registration No. 004137S), Chartered Accountants, Chennai, as Joint Auditor, pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for a period of five years from the conclusion of this Annual General Meeting till the conclusion of the Sixty Second (62nd) 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

4 Appointment of Director

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

“RESOLVED THAT Mr Md Nasimuddin, IAS, (DIN : 02026939) be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5 Re-appointment of Sri N Gopalaratnam as Chairman

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri N Gopalaratnam (DIN : 00001945) as Chairman with executive powers of the Company, for a period of 3 (three) years with effect

from April 01, 2017, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri N Gopalaratnam, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

6 Re-appointment of Sri K S Kasi Viswanathan as Managing Director

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 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri K S Kasi Viswanathan (DIN : 00003584) as Managing Director of the Company, for a period of 3 (three) years with effect from April 01, 2017, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting,

with liberty to the Board of Directors hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri K S Kasi Viswanathan, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution”.

7 Re-appointment of Sri V Pichai as Deputy Managing Director & Secretary

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203, read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri V Pichai (DIN : 00263934) as Deputy Managing Director & Secretary of the Company, for a period of 3 (three) years with effect from April 01, 2017, on the terms and conditions, including remuneration, as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board to alter

and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Sri V Pichai, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution”.

8 Payment of Commission to Non Whole-time Directors

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

“RESOLVED THAT the consent of the Company be and is hereby accorded for payment of commission to Non Whole-time Directors out of the net profits of the Company, over and above the Sitting Fees, for a period of three financial years from April 01, 2016.

PROVIDED FURTHER THAT the aggregate commission for all the Non Whole-time Directors shall be within the ceiling prescribed from time to time under Section 197 and other applicable provisions, if any, of the Companies Act, 2013 or any modification or re-enactment thereof.

RESOLVED FURTHER THAT the commission be divisible among the Directors in such manner and proportion as the Board of Directors may deem fit, subject to a ceiling of ₹ 5 lakhs to each Non Whole-time Director.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary and expedient to give effect to the Resolution.

9 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 pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year 2017-18, be paid the remuneration as set out in the Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

(V PICHAI)
Deputy Managing Director & Secretary

Chennai
May 30, 2017

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 Forms

The instrument appointing the Proxy should be deposited 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 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Appendix - A.

4 Book Closure

The Register of Members and the Share Transfer Books will be closed from Thursday, the July 20, 2017 to Saturday, the July 29, 2017 (both days inclusive).

5 Dividend

Dividend on declaration will be paid on 31st July 2017.

Members are advised to refer to 'Shareholder Information' Section of the Corporate Governance

Report (Page 50 of the Annual Report) for details on dividend entitlement and payment options.

6 Unclaimed Dividend

Unclaimed dividend for over 7 years will be transferred to the Investor Education and Protection Fund. Members may refer to Page 53 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 the Government.

8 Member Identification

Members are requested to bring the attendance slips duly filled in 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, the Company provides facility for its Members to exercise their voting right by electronic means.

(b) Voting at Annual General Meeting

The Company also offers the facility for voting through Polling Paper at the meeting.

(c) Voting option

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

(d) 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. 4

Appointment of Mr Md Nasimuddin, IAS, as a Director of the Company

Consequent to nomination by the Government of Tamilnadu, Mr Md Nasimuddin, IAS, was appointed as an Additional Director by the Board of Directors, at the meeting held on March 25, 2017, in the vacancy caused by the relinquishment of office by Sri Atulya Misra, IAS, who was earlier appointed in the casual vacancy caused by the withdrawal of nomination of Sri Hans Raj Verma, 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 Mr Md Nasimuddin, IAS, as a Director of the Company.

Mr Md Nasimuddin, 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.

Mr Md Nasimuddin, IAS, is concerned and interested in his appointment and none of the other Directors is concerned or interested in the said appointment.

Item No. 5

Re-appointment of Sri N Gopalaratnam as Chairman

The current term of Sri N Gopalaratnam, as Chairman with executive powers expired on 31st March 2017. The Board of Directors at their meeting held on 25th March 2017, reappointed Sri N Gopalaratnam as Chairman of the Company with executive powers for a further

period of three years from 1st April 2017 and approved the remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of Members in General Meeting:

I Remuneration

(a) Salary

₹ 6 65 000 (Rupees six lakhs sixty five thousand only) per month.

(b) Incentive

As may be determined by the Nomination-cum-Remuneration Committee / Board from time to time.

II Perquisites

Perquisites shall be as per the Rules of the Company and in any case will be restricted to an amount equal to annual salary.

Perquisites shall be valued in terms of the Income tax Rules and accordingly certain perquisites, essentially covering retirement benefits, viz., contribution to Provident Fund, Superannuation Fund, Annuity Fund, Gratuity not exceeding half a month salary for each completed year of service, leave encashment at the end of the tenure, etc., shall, however, be excluded in reckoning the said ceiling.

III General

In the event of loss or inadequacy of profits in any financial year, Sri N Gopalaratnam shall be entitled to such remuneration as may be determined by the Nomination-cum-Remuneration Committee / Board which shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 2013 and the Rules made thereunder.

In any event, the Salary, Incentive and Perquisites will be within the overall ceiling specified in the Companies Act, 2013 and as applicable from time to time.

Sri N Gopalaratnam was last appointed as Chairman for a period of three years from 01 04 2014. The said appointment and remuneration package as determined by the Nomination cum Remuneration Committee of the Board and the Board of Directors were later approved by the Members of the Company at the Fifty Fourth Annual General Meeting held on July 25, 2014. He has completed his term as Chairman on March 31, 2017.

Sri N Gopalaratnam assumed office as Managing Director in April 1988 when the Company's operations and financial position were not healthy. His able leadership, commitment, vision and devotion brought back the Company to its good health.

Under his stewardship, the Company witnessed tremendous growth and has become one of the prime players in the Pulp and Paper Industry in India.

His achievements include :

- Successful completion of a major Expansion/ Modernization programme in June 2000, costing nearly ₹ 190 crores, to increase the production capacity of the Unit : Erode from 60 000 tonnes per annum to 1 15 000 tonnes per annum, besides modernization of some of the existing facilities.
- Establishment of a 20 MW Captive Power Plant at a cost of ₹ 65 crores, to achieve economies in energy front and make the Company achieve substantial savings in energy costs, besides making it self-sufficient in Power. This Project was a 'Vision Project' of Sri N Gopalaratnam, especially when Tamilnadu State was facing unprecedented power shortage from the State Grid.
- Successful implementation of a major Mill Development Plan, during 2006-07, at a cost of ₹ 350 crores, to improve and sustain the environmental compliance performance of the Company in line with the Charter on Corporate Responsibility for Environmental Protection (CREP).

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

- All the Term Loans borrowed for all the earlier Projects have been fully repaid and the Unit : Erode has become debt free except for the working capital facilities.

The latest feather in his cap is the acquisition of Subburaj Paper Mills in Tirunelveli capable of producing 90 000 tonnes of fine printing and writing papers in the year 2011. In a quick span of two years the Unit recorded more than 90% capacity utilization of its operating capacity of 60 000 tonnes per annum and achieved cash break-even. The acquisition was through a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 and by takeover of the entire assets and liabilities. The acquisition was through settlement of existing Term Loans from a Consortium of Banks under One Time Settlement Scheme (OTS) through a fresh Term Loan of ₹ 180 crores from Canara Bank. The entire shareholding of the Promoters were purchased by the Company and other Companies in Esvin-SPB Group for a consideration of ₹ 30 cores.

Sri N Gopalaratnam pioneered in securing ISO 9001, ISO 14001, OHSAS 18001, Forest Stewardship Council Certification / accreditations to the Company. With sustained exports, the Company enjoys "Star Export House" status. Further, with his vision, the Company has launched "Total Productivity Management" Programme (TPM), a unique concept for achieving enterprise excellence. Currently, the Company has launched a programme in association with CII to convert the Company a Green Company.

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

Currently, the Company is implementing a Mill Development Plan at Unit : Erode at a cost of ₹ 125 crores and a Mill Expansion Project at Unit : Tirunelveli at a cost of ₹ 75 crores.

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

As Sri N Gopalaratnam will be crossing the age of 70 during the ensuing period of appointment, approval of the Members is sought through a Special Resolution at this Annual General Meeting.

Sri N Gopalaratnam's appointment as Director on the Board of the Company was on the basis of his being liable to retire by rotation. He will continue to be the Director of the Company till his turn comes for retirement by rotation. He is eligible to seek re- election at the Annual General Meeting in which he retires by rotation.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013.

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 V to the Companies Act, 2013 or any amendment or statutory modifications thereto.

In terms of Part III of Schedule V to the Companies Act, 2013, 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 under item No. 5 in the Notice.

A copy of the Resolution of the Nomination cum Remuneration Committee / Board of Directors 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 other Director, Key Managerial Personnel or their relatives, other than Sri N Gopalaratnam are interested in this item of business.

Item No. 6

Re-appointment of Sri K S Kasi Viswanathan as Managing Director

The current term of Sri K S Kasi Viswanathan, as Managing Director expired on 31st March 2017. The Board of Directors at their meeting held on 25th March 2017, reappointed Sri K S Kasi Viswanathan, as Managing Director of the Company for a further period of three years from 1st April 2017 and approved the remuneration package on the recommendations of the Nomination cum Remuneration Committee as under, subject to the approval of Members in General Meeting :

I Remuneration

- a) Salary
₹ 5 65 000 (Rupees five lakhs sixty five thousands only) per month.
- (b) Incentive
As may be determined by the Nomination-cum-Remuneration Committee / Board from time to time.

II Perquisites

Perquisites shall be as per the Rules of the Company and in any case will be restricted to an amount equal to annual salary.

Perquisites shall be valued in terms of the Income tax Rules and accordingly certain perquisites, essentially covering retirement benefits, viz., contribution to Provident Fund, Superannuation Fund, Annuity Fund, Gratuity not exceeding half a month salary for each completed year of service, leave encashment at the end of the tenure, etc., shall, however, be excluded in reckoning the said ceiling.