

BALANCE SHEET AS AT 31ST MARCH 2004					
		As at		As at	
		31-3-2004		31-3-2003	
	Schedule	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
I SOURCES OF FUNDS					
1 Shareholders' Funds					
(a) Share Capital	A	1125.00		1125.00	
(b) Reserves and Surplus	B	7405.69		5667.97	
			8530.69		6792.97
2 Deferred Tax			4229.50		3273.50
3 Loan Funds					
(a) Secured Loans	C	10475.25		15006.67	
(b) Unsecured Loan - Interest					
Free Sales Tax Loan		654.62	11129.87	0.00	15006.67
Total			23890.06		25073.14
II APPLICATION OF FUNDS					
1 Fixed Assets					
(a) Gross Block	D	30866.16		30388.66	
(b) Less: Depreciation		13582.51		12490.00	
(c) Net Block		17283.65		17898.66	
(d) Capital work-in-Progress		1145.29		137.57	
			18428.94		18036.23
2 Investments	E		781.86		723.86
3 Current Assets, Loans and Advances					
(a) Inventories	F	4341.36		2798.60	
(b) Sundry Debtors	G	4415.92		4021.30	
(c) Cash and Bank Balances	H	4788.94		4603.45	
(d) Loans and Advances	I	1624.63		2769.05	
		15170.85		14192.40	
Less:					
Current Liabilities and Provisions					
(a) Liabilities	J	10263.14		7650.90	
(b) Provisions		228.45		228.45	
		10491.59		7879.35	
Net Current Assets			4679.26		6313.05
Total			23890.06		25073.14

Note: Schedules 'A' to 'J' and Notes in Schedule 'U' form an integral part of this Balance Sheet

Vide our report of date attached

For SURI & CO., S Swaminathan Membership No. 20583 Partner Chartered Accountants	For Messrs S VISWANATHAN Chella K Srinivasan Membership No. 23305 Partner Chartered Accountants	S P ELANGO VAN Dr V GAURI SHANKER R V GUPTA BIMAL KUMAR PODDAR	M R B PUNJA Dr G RANGASWAMI N RAVINDRANATHAN R V SUBRAHMANIAN
V PICHAI Chennai June 12, 2004 (Finance) & Secretary	N GOPALARATNAM Chairman and Managing Director		Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004				
	Schedule		Year ended	Year ended
			31-3-2004	31-3-2003
1 INCOME			Rs lakhs	Rs lakhs
Sales (Net)	K		34420.06	32650.14
Other Income	L		89.08	321.87
Increase/(Decrease) in Stock-in-Trade	M		0.00	0.00
			34509.14	32972.01
2 EXPENDITURE				
Materials Consumed	N		17248.41	15263.40
Power and Fuel			6920.95	6649.53
Employees' Cost	O		2542.05	2489.01
Repairs and Maintenance	P		932.94	852.08
Other Expenses	Q		1367.29	1387.10
Decrease/(Increase) in Stock-in-Process	R		-67.84	29.58
			28943.80	26670.70
3 PROFIT BEFORE INTEREST AND DEPRECIATION			5565.34	6301.31
Interest and Financing Charges	S		1302.11	1963.45
Depreciation			1111.06	1095.65
4 PROFIT BEFORE EXTRAORDINARY ITEMS			3152.17	3242.21
Extraordinary items	T		0.00	-459.87
5 PROFIT BEFORE TAX			3152.17	2782.34
Provision for Current tax			230.00	200.00
Transfer to Deferred Tax				
- In respect of current year		130.23		334.64
- Deferred Tax Asset written off		825.77	956.00	559.36
				894.00
6 PROFIT AFTER TAX			1966.17	1688.34
Profit brought forward from previous year			577.68	487.79
Transfer from Investment				
Allowance Reserve			0.00	130.00
Total			2543.85	2306.13

7 APPROPRIATIONS					
<i>Transfer to:</i>					
General Reserve			1500.00		1500.00
Proposed Dividend at 18%			202.50		202.50
<i>(Previous year @ 18%).</i>					
Tax on Proposed Dividend			25.95		25.95
Balance carried over			815.40		577.68
Total			2543.85		2306.13

Notes:

1. Basic and Diluted Earnings Per Share (Rs):

- Based on item 6 above

17.48

15.01

- After adding back extraordinary items detailed in Schedule 'T'

17.48

19.10

2. Number of Equity Shares of Rs 10 each

11250000

11250000

3. Schedules 'K' to 'T' and Notes in Schedule 'U' form an integral part of this Profit and Loss Account.

Vide our report of date attached

For SURI & CO.,

For Messrs S VISWANATHAN

S P ELANGO VAN

M R B PUNJA

S Swaminathan

Chella K Srinivasan

Dr V GAURI SHANKER

Dr G RANGASWAMI

Membership No. 20583

Membership No. 23305

R V GUPTA

N RAVINDRANATHAN

Partner

Partner

Chartered Accountants

Chartered Accountants

V PICHAI

N GOPALARATNAM

BIMAL KUMAR PODDAR

R V SUBRAHMANIAN

Chennai
June 12, 2004

Vice President
(Finance) & Secretary

Chairman and
Managing Director

Directors

		As at	As at
		31-3-2004	31-3-2003
		Rs lakhs	Rs lakhs
SCHEDULE 'A' - SHARE CAPITAL			
AUTHORISED:			
2 50 00 000- Equity Shares of Rs 10 each		2500.00	2500.00
3 00 00 000- Cumulative Redeemable Preference Shares of Rs 10 each		3000.00	3000.00
		5500.00	5500.00
ISSUED, SUBSCRIBED AND PAID UP:			
1 12 50 000 - Equity Shares of Rs 10 each, fully paid up		1125.00	1125.00
<i>(Of the above, 17 50 000 Equity Shares were allotted as fully paid up, by way of bonus shares, by capitalisaion of Reserves)</i>			
		1125.00	1125.00

	As at		As at	
	31-3-2004		31-3-2003	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'B' - RESERVES AND SURPLUS				
CAPITAL RESERVE:				
As per last Balance Sheet		0.29		0.29
SHARE PREMIUM ACCOUNT:				
As per last Balance Sheet		360.00		360.00
OTHER RESERVES:				
Investment Allowance Reserve:				
As per last Balance Sheet	230.00		360.00	
Less: Transfer to Profit and Loss Account	0.00		130.00	
		230.00		230.00
<i>(Rs 230.00 lakhs utilised for acquiring new machinery and plant)</i>				
General Reserve:				
As per last Balance Sheet	4500.00		3000.00	
Add: Transfer from Profit and Loss Account	1500.00		1500.00	
		6000.00		4500.00
Surplus:				
Balance in Profit and Loss Account		815.40		577.68
		7405.69		5667.97

		As at	As at
		31-3-2004	31-3-2003
		Rs lakhs	Rs lakhs
SCHEDULE 'C' - SECURED LOANS			
LOANS AND ADVANCES FROM BANKS:			
Working Capital Advances		4635.25	2932.38
<i>(See Note 2 below)</i>			
Term Loans		500.00	5654.29
<i>(See Note 1(c) below)</i>			
OTHER LOANS AND ADVANCES			
Term Loan from			
Industrial Development Bank of India		5340.00	6420.00
<i>(See Note 1 below)</i>			
		10475.25	15006.67

Notes :

1. Secured by:

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

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

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

SCHEDULE "D" FIXED ASSETS										
PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE	
	As at 1-4-2003 Rs lakhs	Additions Rs lakhs	Deductions/ Adjustments Rs lakhs	As at 31-3-2004 Rs lakhs	Upto 31-3-2003 Rs lakhs	For the Year Rs lakhs	Withdrawn/ Adjustments Rs lakhs	Upto 31-3-2004 Rs lakhs	As at 31-3-2004 Rs lakhs	As at 31-3-2003 Rs lakhs
LAND AND BETTERMENT	27.77	0.00	0.00	27.77	0.00	0.00	0.00	0.00	27.77	27.77
BUILDINGS										
- LEASEHOLD	20.51	0.00	0.00	20.51	2.69	0.33	0.00	3.02	17.49	17.82
- OTHERS	3149.59	19.24	0.00	3168.83	527.86	97.67	0.00	625.53	2543.30	2621.73
PLANT AND MACHINERY										
- ON LEASE TO OTHERS	4478.03	0.00	0.00	4478.03	4478.03	0.00	0.00	4478.03	0.00	0.00
- OTHERS	22083.56	453.18	17.30	22519.44	7139.67	967.97	16.45	8091.19	14428.25	14943.89
FURNITURE, FIXTURES, EQUIPMENT, ETC.										
	558.15	24.48	3.62	579.01	297.69	40.83	2.10	336.42	242.59	260.46
VEHICLES										
	71.05	1.52	0.00	72.57	44.06	4.26	0.00	48.32	24.25	26.99
	30388.66	498.42	20.92	30866.16	12490.00	1111.06	18.55	13582.51	17283.65	17898.66
CAPITAL WORK-IN-PROGRESS - AT COST										
- Advances - Unsecured - Considered Good									508.64	40.00
- Others								*	636.65	97.57
* Includes Interest capitalised during the year - Rs 17.66 lakhs.										
									18428.94	18036.23

			As at		As at	
			31-3-2004		31-3-2003	
			Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'E' - INVESTMENTS						
LONG TERM INVESTMENTS						
NON-TRADE						
IN GOVERNMENT OR TRUST SECURITIES:						
	Unquoted					
	6 Year National Savings Certificates			0.09		0.09
	<i>(pledged with State Government Department, as security)</i>					
IN SHARES - FULLY PAID:						
	Quoted:					
	53166	Equity Shares of Rs 10/- each in Housing Development Finance Corporation Limited		7.09		7.09
	500	Equity Shares of Rs 10/- each in HDFC Bank Limited		0.05		0.05
	214080	Equity Shares of Rs 10/-each in Industrial Development Bank of India		170.90		170.90
	45268	Equity Shares of Rs 10/- each in High Energy Batteries(India) Limited		58.04		0.00
	Unquoted:					
	50000	Equity Shares of Rs.10/- each in Agri Development Finance (Tamilnadu) Limited		5.00		5.00
TRADE						
IN SHARES - FULLY PAID:						
	Quoted:					
	1385260	Equity Shares of Rs.10/- each in Ponni Sugars (Erode) Limited		215.58		215.58
	100000	Equity Shares of Rs.10/- each in Tamilnadu Newsprint and Papers Limited		106.70		106.70
		Carried over		563.45		505.41

		As at		As at	
		31-3-2004		31-3-2003	
		Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
	Brought forward		563.45		505.41
TRADE					
	IN SHARES - FULLY PAID:				
	Quoted: (Contd.)				
2077740	Equity Shares of Rs.10/- each in Ponni Sugars (Orissa) Limited				
	As per last Balance Sheet	0.01		323.35	
	Less: Written off during the year	0.01		323.34	
			0.00		0.01
	Unquoted:				
41000	Equity Shares of Rs.100/- each in ESVIN Advanced Technologies Limited		0.41		0.41
5000	Equity Shares of Rs.100/- each in SPB Projects and Consultancy Limited		5.00		5.00
100	Equity Shares of Rs 10/- each in SPB Energy Corporation Limited				
	As per last Balance Sheet	0.01		0.01	
	Less: Written off during the year	0.01		0.00	
			0.00		0.01
120000	Equity Shares of Rs 10/- each in ESVIN Biosys International Limited		12.00		12.00
2000000	Zero Coupon Rate Redeemable Preference Shares of Rs 10/- each in Ponni Sugars (Erode) Limited		200.00		200.00
	Carried over		780.86		722.84

		As at		As at	
		31-3-2004		31-3-2003	
		Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
	Brought forward		780.86		722.84
TRADE					
	IN SHARES - FULLY PAID:				
	Unquoted: (Contd.)				
3000000	Zero Coupon Rate Redeemable Preference Shares of Rs 10 each in Ponni Sugars (Orissa) Limited				
	As per last Balance Sheet	0.01		300.00	
	Less: Written off during the year	0.01		299.99	
			0.00		0.01
10000	Equity Shares of Rs 10/- each in OPG Energy Private Limited		1.00		1.00
	IN DEBENTURES - FULLY PAID:				
	Unquoted:				
20000	16% Non Convertible Debentures of Rs.90/- each in Ponni Sugars (Orissa) Ltd				
	As per last Balance Sheet	0.01		18.00	
	Less: Written off during the year	0.01		17.99	
			0.00		0.01
			781.86		723.86
	Notes:				
1		Cost	Market value		
		Rs lakhs	Rs lakhs		
	Aggregate amount of :				
	Quoted Investments	558.36	727.91		
	Unquoted Investments	223.50	-		
2	Addition during the year:				
	45268 Equity Shares of Rs 10/- each in High Energy Batteries (India) Limited	58.04			

	As at		As at	
	31-3-2004		31-3-2003	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'F' - INVENTORIES				
<i>(At lower of cost or net realisable value)</i>				
Raw materials		2694.82		1360.53
Stores, Spares and Chemicals		1350.86		1210.23
Stock-in-Trade		0.00		0.00
Stock-in-Process		295.68		227.84
		4341.36		2798.60
SCHEDULE 'G' - SUNDRY DEBTORS				
SECURED - CONSIDERED GOOD:				
Exceeding six months		20.08		18.19
Other debts		1310.32		1387.05
UNSECURED - CONSIDERED GOOD:				
Exceeding six months:		124.77		186.09
(Net of Rs 58.71 lakhs (Previous year Rs 29.35 lakhs, being the debts considered doubtful and provided for).				
Other debts		2960.75		2429.97
		4415.92		4021.30
SCHEDULE 'H'- CASH AND BANK BALANCES				
CASH BALANCE:				
Cash on hand		12.24		14.51
BANK BALANCES:				
WITH SCHEDULED BANKS:				
In Current Account	1195.79		3408.47	
In Unclaimed Dividend Accounts	30.01		28.60	
In Deposit Account	3550.90 *		1150.87 *	
In Guarantee Account	0.00		1.00	
		4776.70		4588.94
* (includes Rs 0.30 lakhs, pledged with State Government Department, as Security)				
		4788.94		4603.45

	As at		As at	
	31-3-2004		31-3-2003	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'I' - LOANS AND ADVANCES				
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED- UNSECURED - CONSIDERED GOOD:				
Deposits		507.75		546.36
Inter Corporate Loans		0.00		20.00
Prepaid expenses		233.36		265.80
Balances in Current Account with Central Excise Department and Port Trust		75.31		67.24
Tax payments pending adjustments		48.95		755.33
Others		759.26		1114.32
		1624.63		2769.05
SCHEDULE 'J' - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES:				
Acceptances		5110.36		2672.46
Sundry Creditors				
- Dues to Small Scale Industrial Undertakings	19.58		90.62	
- Others	4365.40		4201.32	
		4384.98		4291.94
Investor Education and Protection Fund shall be credited by the following amounts, namely: (due at the end of the year - Nil)				
- Unclaimed dividend		30.01		28.60
Security Deposit from Distributors		737.79		657.90
		10263.14		7650.90
PROVISIONS:				
Provision for Taxation		25.95		25.95
Proposed Dividend		202.50		202.50
		228.45		228.45

	Year ended		Year ended	
	31-3-2004		31-3-2003	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'K' - SALES (NET)				
SALES, INCLUSIVE OF EXCISE DUTY AND EXCISE CESS		41800.39		39124.69
<i>Less:</i>				
Excise duty and Excise cess	4384.91		3869.42	
Distributors' commission	379.25		412.89	
Packing and delivery charges	1968.39		1532.72	
Cash Discount	647.78		659.52	
		7380.33		6474.55
		34420.06		32650.14
SCHEDULE 'L' - OTHER INCOME				
(a) Income from investments				
(i) From Long term Investments				
(a) Non Trade Investments				
- Dividends		11.82		21.23
(ii) From Current Investments				
(a) Non Trade Investments				
- Income from Units of Unit Trust of India		0.00		36.00
(b) Rent		4.54		5.34
(c) Profit on sale of assets (net)		0.00		6.69
(d) Import duty credit entitlements		22.09		166.44
(e) Miscellaneous receipts		50.63		86.17
		89.08		321.87
SCHEDULE 'M' - INCREASE/(DECREASE) IN STOCK-IN-TRADE				
Closing stock		0.00		0.00
<i>Less:</i> Opening stock		0.00		0.00
		0.00		0.00

	Year ended 31-3-2004		Year ended 31-3-2003	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'N' - MATERIALS CONSUMED				
RAW MATERIALS CONSUMED				
Opening Stock	1360.53		1924.63	
Add: Purchases, including procurement expenses	13759.75		10141.66	
	15120.28		12066.29	
Less: Closing stock	2694.82		1360.53	
	12425.46		10705.76	
Add: Feeding and other charges	118.01		128.33	
		12543.47		10834.09
STORES, SPARES AND CHEMICALS CONSUMED		4704.94		4429.31
		17248.41		15263.40
SCHEDULE 'O' - EMPLOYEES' COST				
Salaries, Wages, Bonus, Commission and Gratuity		1948.84		1931.20
Contribution to:				
(i) Employees' Provident Fund including administrative charges	175.46		174.13	
(ii) Employees' State Insurance Scheme	4.79		4.60	
(iii) Employees' Group Gratuity-cum-Life Assurance Trust	172.68		154.80	
(iv) Superannuation Fund	1.80		0.90	
(v) Group Insurance Scheme	5.17		5.27	
		359.90		339.70
Welfare expenses		233.31		218.11
		2542.05		2489.01
SCHEDULE 'P' - REPAIRS AND MAINTENANCE				
Buildings		126.58		110.09
Machinery		750.98		690.84
Others		55.38		51.15
		932.94		852.08

	Year ended 31-3-2004	Year ended 31-3-2003
	Rs lakhs	Rs lakhs
SCHEDULE 'Q' - OTHER EXPENSES		
Rent	106.91	57.21
Rates, taxes and licence fees	487.28	436.62
Insurance	122.69	130.37
Directors' sitting fees	3.40	1.67
Auditors' Remuneration	6.79	5.87
Conversion charges	45.98	59.75
Bad debts written off	21.33	4.98
Office and other expenses	467.70	400.11
Miscellaneous expenses	102.85	273.57
Assets discarded	2.36	16.95
	1367.29	1387.10
SCHEDULE 'R' - DECREASE/(INCREASE) IN STOCK - IN - PROCESS		
Closing Stock	295.68	227.84
Less: Opening Stock	227.84	257.42
	-67.84	29.58
SCHEDULE 'S' - INTEREST AND FINANCING CHARGES		
Interest on:		
- Fixed Loans	1418.88	1818.16
- Others	287.57	321.78
Financing Charges	0.00	10.17
	1706.45	2150.11
Less:		
- Interest received (Tax deducted at source - Rs 41.15 lakhs)	404.34	186.66
	1302.11	1963.45
SCHEDULE 'T' - EXTRAORDINARY ITEMS		
Amounts written off:		
- Investments in Ponni Sugars(Orissa) Limited	0.00	641.32
- Amounts due from Ponni Sugars (Orissa) Limited	0.00	127.68
	0.00	769.00
Less: Profit on sale / redemption of Investments	0.00	309.13
	0.00	459.87

**SECHEDULE 'U' - Notes forming part of the Balance Sheet as at 31st March, 2004 and
Profit and Loss Account for the year ended 31st March, 2004.**

1 SIGNIFICANT ACCOUNTING POLICIES

a) General

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

b) Fixed Assets

Fixed Assets are stated at cost. Cost includes, taxes and duties (but does not include, excise duty / countervailing duty for which CENVAT credit is available), freight and other direct or allocated expenses and interest on related borrowings during construction period.

c) Investments

Long term Investments are stated at cost. Current Investments are stated at the lower of cost and fair value. Any diminution in the value of long term investments is charged off, only if, such a decline is other than temporary, in the opinion of the Management.

d) Inventories

Stocks of Raw materials, Stores, Spares and Chemicals are valued at cost on weighted average basis. Cost includes, taxes and duties (but does not include, excise duty / countervailing duty for which CENVAT credit is available), freight and other direct expenses.

Valuation of Stock-in-Trade is at cost or net realisable value whichever is less. Stock-in-Process is valued at cost. Cost includes material, direct labour, overheads and excise duty, where applicable, other than selling and administrative overheads.

e) Revenue and Expenditure Recognition

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

f) Research and Development

Revenue expenditure is charged off as incurred. Capital expenditure is added to the cost of fixed assets and depreciation charged.

g) Foreign Exchange Transactions

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

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

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

h) Retirement Benefits

The Company's liability towards retirement benefits, in the form of gratuity and superannuation, is worked out on actuarial basis at the end of the year and is funded.

The contribution to Provident Fund is made as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and remitted to the Provident Fund Commissioner.

In respect of leave salary, the liability has been fully provided in accordance with the Scheme in force.

i) Depreciation

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

- 2 The legal proceedings initiated by the Company, in an earlier year, to protect its interests, against some of the lessees, in respect of disputes relating to certain sale and lease back transactions, are still in progress.
- 3 Transfer to Deferred Tax is mainly on account of difference in charging depreciation prescribed under the Companies Act, 1956 and allowable under the Income tax Act, 1961.
- 4 Paper is the only segment of operation of the Company.
- 5 Figures for the previous year have been re-grouped, wherever necessary, to conform to current year's classification.

		31-3-2004		31-3-2003	
			Rs lakhs		Rs lakhs
6	Estimated amount of contracts remaining to be executed on Capital account and not provided for. <i>(net of advances)</i>		2915.04		47.82
7	Claims against the Company not acknowledged as debts.		46.91		38.79
8	Contingent liabilities on account of Guarantees given by Banks on behalf of the Company.		96.28		1.45
9	Dues to Small Scale Industrial Undertakings which are outstanding for more than 30 days.		0.00		0.00
10	(a) Exchange difference arising on foreign currency transactions credited / (debited) to respective revenue accounts.		429.40		-123.37
	(b) Unexpired portion of forward contracts in respect of foreign exchange transactions.		0.00		27.68
11	The following expenditure incurred on Research and Development has been included under the respective heads:				
	(a) Salaries, Wages and Bonus		7.02		4.51
	(b) Contribution to Provident and other Funds		1.44		0.85
	(c) Welfare expenses		1.36		0.46
	(d) Miscellaneous expenses		5.70		0.71
12	Auditors' Remuneration:				
	(i) Audit		3.00		3.00
	Taxation matters		0.50		0.50
	Certification		2.18		1.48
	Expenses		0.70		0.59
	(ii) Cost Audit		0.25		0.20
	Expenses		0.16		0.10
			6.79		5.87

		31-3-2004		31-3-2003	
		Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
13	a) Managerial remuneration under Section 198 of the Companies Act, 1956.				
	(i) Directors' sitting fees (<i>no sitting fee was paid to Chairman and Managing Director</i>)		3.40		1.67
	(ii) Commission to Non-Wholetime Directors (<i>included in Schedule 'Q'.</i>)		4.50		4.13
	(iii) Remuneration to Chairman and Managing Director (<i>included in Schedule 'O'.</i>)				
	Salary	12.00		6.00	
	Commission	12.00		6.00	
	Contribution to:				
	(i) Provident Fund	1.44		0.72	
	(ii) Superannuation Fund	1.80		0.90	
	(iii) Gratuity Fund	1.56		0.69	
	Insurance Premium on Personal Accident Policy	0.04		0.04	
			28.84		14.35
	b) Computation of net profit in accordance with Sections 198 and 309 of the Companies Act, 1956 and the commission payable to Directors.				
	Net Profit before taxation		3152.17		2782.34
	<i>Add:</i>				
	Remuneration to Chairman and Managing Director	28.84		14.35	
	Commission to Non-Wholetime Directors	4.50		4.13	
	Directors' Sitting Fees	3.40		1.67	
			36.74		20.15
			3188.91		2802.49
	One percent of the Net Profit		31.89		28.02
	(i) Commission to Chairman and Managing Director		12.00		6.00
	(ii) Commission to Non-Wholetime Directors		4.50		4.13

		31-3-2004		31-3-2003	
		Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
14	Information required by Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:				
	(a) Capacity and Production:		tonnes		tonnes
	Paper and Paper Boards:				
	Licensed capacity <i>(Paper industry is exempt from Industrial Licensing).</i>				
	Installed capacity <i>(60 000 tonnes, at an average basis weight of 150 gsm and 55 000 tonnes, at an average basis weight of 60 gsm). (as certified by the Chairman and Managing Director)</i>		115000		115000
	Actual Production		117271		113684
		Quantity	Value	Quantity	Value
		t	Rs lakhs	t	Rs lakhs
	(b) Turnover:				
	Paper and Paper Boards	116598	41800.39	112970	39124.69
	<i>(value includes Duty Entitlements on exports)</i>				
	<i>(excludes 673 tonnes used for manufacture of cores, note books, trade samples, labels, stationery, etc., and used as wrapper). (Previous year 714 tonnes).</i>				
	(c) Opening and closing stock of goods:				
	Opening Stock				
	Paper and Paper Boards	0	0.00	0	0.00
	Closing Stock				
	Paper and Paper Boards	0	0.00	0	0.00
	(d) Raw materials consumed:				
	Wood (BD)	120106	3050.21	108210	2200.90
	Bagasse (BD)	73714	1521.48	81168	1499.48
	Purchased Pulp	35023	7741.78	30920	6899.76
	Waste paper cuttings	996	111.99	1069	105.62
			12425.46		10705.76

	31-3-2004		31-3-2003	
	Rs lakhs	%	Rs lakhs	%
(e) Value of imported / indigenous Raw material / Stores, Spares and Chemicals consumed:				
Raw materials:				
Imported	7764.88	62.49	6641.74	62.04
Indigenous	4660.58	37.51	4064.02	37.96
Total	12425.46	100.00	10705.76	100.00
Stores, Spares and Chemicals:				
Imported	3235.20	59.84	1331.90	26.58
Indigenous	2171.38	40.16	3678.65	73.42
Total	5406.58	100.00	5010.55	100.00
<i>(includes consumption of spares Rs 701.64 lakhs, under Repairs and Maintenance). (Previous year Rs 581.24 lakhs)</i>				
		Rs lakhs		Rs lakhs
(f) Value of imports calculated on CIF basis:				
Raw materials		8340.70		5299.52
Stores, Spares and Chemicals		1952.62		1179.35
Capital Goods		0.00		61.02
(g) Expenditure in foreign currencies:				
Travel		21.64		5.84
Interest		164.13		178.68
Export Commission		131.61		204.83
Others		2.50		151.56
(h) Amounts remitted in foreign currencies:				
Dividends		0.00		0.00
No. of Non-resident shareholders		0		0
No. of shares held		0		0
(i) Earnings in foreign exchange:				
Export of goods on FOB basis		6750.75		6922.41
Others		2.02		0.00

15 Disclosure of Related Party transactions, as required by Accounting Standard AS-18 of the Institute of Chartered Accountants of India:

(i) Name of the transacting Related Party:

- ◇ Sri N Gopalaratnam, Chairman and Managing Director of the Company
- ◇ Ponni Sugars (Erode) Limited (PEL)
- ◇ High Energy Batteries (India) Limited
- ◇ Esvin Advanced Technologies Limited (Esvin Tech)
- ◇ SPB Projects and Consultancy Limited (SPB-PC)

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

Sri N Gopalaratnam

He is the Chairman and Managing Director of the Company.

Ponni Sugars (Erode) Limited (PEL)

- * SPB is holding:
 - ◇ 13 85 160 Shares of Rs 10 each, representing 16.70%, in the Equity Capital of PEL and
 - ◇ 20 00 000 Zero Coupon Rate, Redeemable Preference Shares of Rs 10 each, representing 100%, in the Preference Capital of PEL.
- * PEL holds 12 00 000 Shares of Rs 10 each in the Equity Share Capital of SPB, representing 10.67%.
- * Sri N Gopalaratnam is a common Promoter Director and also the Chairman of the Board of Directors of both SPB and PEL.
- * Sri N Ravindranathan and Sri Bimal Kumar Poddar are also common Directors in SPB and PEL.

High Energy Batteries (India) Limited (HEB)

- * SPB is holding 45 268 Equity Shares of Rs 10 each, in the Equity Capital of HEB, constituting 5.05% of the total Equity Share Capital of HEB.
- * HEB, through its wholly owned subsidiary companies, holds 10 329 Shares of Rs 10 each in the Equity Capital of SPB, representing 0.09%.
- * Sri N Gopalaratnam is a common Promoter Director and also the Chairman of the Board of Directors of SPB and HEB.

Esvin Advanced Technologies Limited (Esvin Tech)

- * SPB is holding 41000 Equity Shares of Rs 100 each, in the Equity Capital of Esvin Tech, constituting 25.81% of the total Equity Share Capital of Esvin Tech.
- * PEL, of which SPB is treated as the Promoter, is also holding 30 000 Equity Shares of Rs 100 each, in the Equity Share Capital of Esvin Tech, representing 18.88% of the total Equity Share Capital of Esvin Tech.

SPB Projects and Consultancy Limited (SPB-PC)

- * SPB is holding 5000 Equity Shares of Rs 100 each, in the Equity Capital of SPB-PC, constituting 22.22% of the total Equity Share Capital of SPB-PC.
- * PEL, of which SPB is treated as the Promoter, is also holding 500 Equity Shares of Rs 100 each, in the Equity Share Capital of SPB-PC.
- * Sri N Gopalaratnam is a common Promoter Director and also the Chairman of the Board of Directors of SPB and SPB-PC.

(iii) A description of the nature of transactions and volume of the transactions, either as an amount or as an appropriate proportion:

(a) Sri N Gopalaratnam

He is the Chairman and Managing Director of the Company and is in receipt of remuneration, which is disclosed in Note No. 13(iii) above.

(b) Ponni Sugars (Erode) Limited

	Quantity	Value - Rs lakhs
Purchase:		
(i) Bagasse:	51829.365 BD tonnes	981.93
Sale:		
(i) Coal	35426.365 tonnes	855.96
(ii) Raw Lignite	1593.470 tonnes	18.54
(iii) Machinery Spares		13.83
(iv) Others		5.37
Other transactions:		
(i) Feeding Charges		7.00
(ii) Other Miscellaneous items		6.84
(iii) Dividend paid		21.60

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

- (i) An Inter Corporate Loan of Rs 100 lakhs was paid to HEB, during the year and was also repaid in full during the year.
- (ii) During the year, a sum of Rs 7.73 lakhs was debited to HEB towards interest on the above Inter Corporate Loan and the same was paid in full by HEB during the year.
- (iii) A sum of Rs 1.62 lakhs was debited to HEB, during the year, towards other miscellaneous items.
- (iv) A sum of Rs 0.19 lakhs was paid as dividend to the wholly owned subsidiaries of HEB on the Shares held by them in the Equity Capital of the Company.

(d) SPB Projects and Consultancy Limited (SPB-PC)

- (i) Inter Corporate Loan of Rs 20.00 lakhs, placed with SPB-PC in an earlier year, was fully repaid during the year.
- (ii) During the year, a sum of Rs 2.20 lakhs was debited to SPB-PC towards interest on the above Inter Corporate Loan. The said amount of interest, together with the amount outstanding at the beginning of the year, aggregating to Rs 4.97 lakhs, was paid in full by SPB-PC during the year.
- (iii) During the year, the Company entered into an agreement with SPB-PC for rendition of Design, Engineering and Project Management Services for the installation of the Captive Power Project. The total fees payable under the Agreement to SPB-PC is Rs 75.00 lakhs, besides reimbursement of expenses incurred on travel, boarding and lodging.

During the year, a sum of Rs 46.66 was paid to SPB-PC towards fees for Design, Engineering and Project Management Services, besides Rs 1.43 lakhs towards reimbursement of expenses incurred on travel, etc., as provided for in the above Agreement.
- (iv) A sum of Rs 25.61 lakhs was debited to SPB-PC towards training, boarding and lodging expenses of Turkish Engineers.

(iv) Any other elements of the Related Party transactions necessary for an understanding of the financial statements:

Nil

(v) The amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date:

	Rs lakhs
(a) Outstanding amounts pertaining to Related Parties:	
(i) Ponni Sugars (Erode) Limited	(Cr) 89.98
(ii) High Energy Batteries (India) Limited	(Dr) 0.09
(iii) SPB Projects and Consultancy Limited	(Cr) 0.07
(b) Provision for doubtful debts from Related Parties	Nil

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(i) Registration Details

Registration Number : 181 - 364 of 1960
Balance Sheet Date : 31.03.2004

State Code : 18

(ii) Capital raised during the year (Amount in Rs. Thousands)

Public Issue : Nil

Rights Issue : Nil

Bonus Issue : Nil

Private Placement : Nil

(iii) Position of mobilisation and deployment of funds :

	(Amount Rs. in Thousands)		(Amount Rs. in Thousands)
Total Liabilities	2389006	Total Assets	2389006
Sources of funds		Application of funds	
Paid up Capital	112500	Net Fixed Assets	1842894
Reserves and Surplus	740569	Investments	78186
Deferred Tax	422950	Net Current Assets	467926
Secured Loans	1047525	Miscellaneous Expenditure	Nil
Unsecured Loans	65462	Accumulated Losses	Nil

(iv) Performance of Company

Turnover including other income (Amount in Rs. Thousands)	4188947
Total Expenditure (Amount in Rs. Thousands)	3873730
Profit / Loss before tax (Amount in Rs. Thousands)	315217
Profit / Loss after tax (Amount in Rs. Thousands)	196617
Earnings per share in Rs.	17
Dividend Rate %	18

(v) Generic names of three principal products / services of Company

Item Code No. (ITC code)	480200 00
Product Description	Uncoated paper and paper boards used for writing and printing
Item Code No. (ITC code)	480400 00
Product Description	Uncoated kraft paper and paper boards in sheets or rolls
Item Code No. (ITC code)	480500 00
Product Description	Other uncoated paper and paper boards in sheets or rolls

Vide our report of date attached

For SURI & CO.,
S Swaminathan
Membership No. 20583
Partner
Chartered Accountants

For Messrs S VISWANATHAN
Chella K Srinivasan
Membership No. 23305
Partner
Chartered Accountants

S P ELANGO VAN
M R B PUNJA
Dr V GAURI SHANKER
Dr G RANGASWAMI
R V GUPTA
N RAVINDRANATHAN

V PICHAI
Vice President
(Finance) & Secretary

N GOPALARATNAM
Chairman and
Managing Director

BIMAL KUMAR PODDAR
R V SUBRAHMANIAN
Directors

Chennai
June 12, 2004

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004				
	Year ended		Year ended	
	31-3-2004		31-3-2003	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation		3152.17		2782.34
Adjustments for:				
<i>Add:</i>				
Assets discarded	2.36		16.95	
Depreciation	1111.06		1095.65	
Interest and financing charges	1547.68		1998.59	
Bad debts written off	21.33		132.66	
Investments written off	0.04		641.42	
Provision for doubtful debts	29.35		29.35	
		2711.82		3914.62
		5863.99		6696.96
<i>Less:</i>				
Income from Non-Trade Investments	11.82		57.23	
Profit on sale of assets	0.00		6.69	
Profit on sale on Investments	0.00		309.13	
Effect of changes in Foreign Currency Exchange Rate	-429.40		-123.38	
		-417.58		249.67
Operating profit before working capital changes		6281.57		6447.29
Increase/Decrease in working capital:				
Increase/Decrease in Inventories	-1542.76		292.33	
Increase/Decrease in Sundry Debtors	-439.32		575.01	
Increase/Decrease in Other Current Assets	1005.42		-407.09	
Increase/Decrease in Liabilities and Provisions	2204.62		-442.87	
		1227.96		17.38
Net cash from operating activities		7509.53		6464.67
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		-1506.14		-272.88
Value of discarded assets		-2.36		-16.95
Sale / reduction in value of fixed assets		2.36		44.28
Income from Non-trade Investments		11.82		57.23
Redemption / sale of Investments		0.00		618.84
Purchase of Investments		-58.04		-1.00
Net cash used in investing activities		-1552.36		429.52
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Term Loans		500.00		0.00
Increase in Unsecured Loans		654.62		0.00
Repayment of Term Loans		-6734.29		-2025.71
Increase/Decrease in Working Capital Borrowings		1702.87		-479.63
Dividend and Dividend tax paid		-228.45		-135.00
Repayment of Hire Purchase Finance		0.00		-101.00
Effect of changes in foreign currency exchange rates		-127.73		-103.35
Interest and financing charges paid		-1538.70		-2006.49
Net cash from financing activities		-5771.68		-4851.18

		Year ended	Year ended
		31-3-2004	31-3-2003
		Rs lakhs	Rs lakhs
Net increase in cash and cash equivalents (I)		185.49	2043.01
Cash and cash equivalents as at 31-3-2003 (II) (Opening Balance)		4603.45	2560.44
Cash and cash equivalents as at 31-3-2004 (Closing Balance) (I) + (II)		4788.94	4603.45

Notes:

1. Cash and cash equivalents represent cash in hand and cash with Scheduled Banks.
2. Cash from operating activities has been prepared following the indirect method.
3. Tax payments (including tax deducted at source) of Rs 242.08 lakhs (Previous year Rs 171.03 lakhs) are included in operating activities.
4. Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to Rs 15.63 lakhs (Previous year Rs 17.41 lakhs),
5. Figures for the previous year have been re-grouped wherever necessary.

		S P ELANGO VAN	M R B PUNJA
		Dr V GAURI SHANKER	Dr G RANGASWAMI
		R V GUPTA	N RAVINDRANATHAN
Chennai June 12, 2004	V PICHAI Vice President (Finance) & Secretary	N GOPALARATNAM Chairman and Managing Director	BIMAL KUMAR PODDAR R V SUBRAHMANIAN Directors

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of Seshasayee Paper and Boards Limited, for the year ended 31st March ,2004. The statement has been prepared by the company in accordance with the requirements of Listing Agreement with Stock exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company, covered by our Report of June 12,2004, of the members of the company.

Chennai June 12,2004	For SURI & CO., S Swaminathan Membership No. 20583 Partner Chartered Accountants	For Messrs S VISWANATHAN Chella K Srinivasan Membership No. 23305 Partner Chartered Accountants
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