

SESHASAYEE PAPER AND BOARDS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2006

	Schedule	As at 31-3-2006		As at 31-3-2005	
		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	<u>9303.84</u>		<u>7833.24</u>	
			10428.84		8958.24
2 Deferred tax			5459.50		4641.50
3 Loan Funds					
(a) Secured Loans	C		10469.00		13404.31
(b) Unsecured Loan - Interest Free Sales Tax Loan			<u>2039.74</u>		<u>1316.02</u>
Total			<u>28397.08</u>		<u>28320.07</u>
II APPLICATION OF FUNDS					
1 Fixed Assets					
(a) Gross Block	D	37318.99		36744.76	
(b) Less : Depreciation		<u>15790.85</u>		<u>14633.85</u>	
(c) Net Block		21528.14		22110.91	
(d) Capital Work-in-Progress		<u>906.56</u>		<u>452.84</u>	
			22434.70		22563.75
2 Investments	E		746.30		735.04
3 Current Assets, Loans and Advances					
(a) Inventories	F	4995.88		4695.41	
(b) Sundry Debtors	G	4483.08		4318.82	
(c) Cash and Bank Balances	H	6188.99		5956.95	
(d) Loans and Advances	I	<u>2251.47</u>		<u>2279.76</u>	
		17919.42		17250.94	
Less :					
Current Liabilities and Provisions					
(a) Liabilities	J	12382.64		11998.76	
(b) Provisions		<u>320.70</u>		<u>230.90</u>	
		12703.34		12229.66	
Net Current Assets			5216.08		5021.28
Total			<u>28397.08</u>		<u>28320.07</u>

Note : Schedules 'A' to 'J' and Notes in Schedule 'T' 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	N GOPALARATNAM Chairman and Managing Director V PICHAI Director (Finance) & Secretary	K S KASI VISWANATHAN M R B PUNJA R V GUPTA N RAVINDRANATHAN Directors
Chennai June 10, 2006			

SESHASAYEE PAPER AND BOARDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006

	Schedule	Year ended 31-3-2006		Year ended 31-3-2005	
		Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
1 INCOME					
Sales (Net)	K		38195.21		35429.81
Other income	L		94.58		47.20
Increase / (Decrease) in Stock-in-Trade	M		0.00		0.00
			<u>38289.79</u>		<u>35477.01</u>
2 EXPENDITURE					
Materials Consumed	N		21109.59		19547.13
Power and Fuel			6716.62		7741.41
Employees' Cost	O		3035.35		2813.12
Repairs and Maintenance	P		1222.43		948.46
Other Expenses	Q		1419.56		1438.74
Decrease / (Increase) in Stock-in-Process	R		(-) 13.87		34.36
			<u>33489.68</u>		<u>32523.22</u>
3 PROFIT BEFORE INTEREST, DEPRECIATION AND TAX			4800.11		2953.79
Interest and Financing Charges (Net)	S		624.99		665.42
Depreciation			1452.32		1127.93
4 PROFIT BEFORE TAX			2722.80		1160.44
Provision for Current tax					
- Minimum Alternate Tax payable (MAT)		225.00		90.00	
- MAT Credit Entitlement		138.00		0.00	
			87.00		90.00
Transfer to Deferred tax			818.00		412.00
Provision for Fringe Benefit Tax			26.50		0.00
5 PROFIT AFTER TAX			1791.30		658.44
Profit brought forward from previous year			742.95		815.41
Total			<u>2534.25</u>		<u>1473.85</u>

— SESHASAYEE PAPER AND BOARDS LIMITED —

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006 (Contd.)

	Year ended 31-3-2006 Rs lakhs	Year ended 31-3-2005 Rs lakhs
6 APPROPRIATIONS		
<i>Transfer to :</i>		
General Reserve	1500.00	500.00
Proposed Dividend at 25% (Previous year @ 18%)	281.25	202.50
Tax on Proposed Dividend	39.45	28.40
Balance Carried over	713.55	742.95
Total	2534.25	1473.85

Notes :

1 Basic and Diluted Earnings Per Share (Rs):	15.92	5.85
2 Number of Equity Shares of Rs 10/- each	11250000	11250000
3 Schedules 'K' to 'S' and Notes in Schedule 'T' form an integral part of this Profit and Loss Account.		

Vide our report of date attached

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

Chennai
June 10, 2006

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

N GOPALARATNAM
Chairman and
Managing Director

V PICHAI
Director (Finance) &
Secretary

K S KASI VISWANATHAN
M R B PUNJA
R V GUPTA
N RAVINDRANATHAN
Directors

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2006
Rs lakhs

As at
31-3-2005
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
	<u>5500.00</u>	<u>5500.00</u>

ISSUED, SUBSCRIBED AND PAID UP :

1 12 50 000 - Equity Shares of Rs 10/- each fully paid up	1125.00	1125.00
(Of the above, 17 50 000 Equity Shares were allotted as fully paid up, by way of bonus shares, by capitalisation of Reserves)		
	<u>1125.00</u>	<u>1125.00</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2006	As at 31-3-2005	
	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		230.00
(Rs 230.00 lakhs utilised for acquiring new machinery and plant)			
General Reserve :			
As per last Balance Sheet	6500.00		6000.00
Add : Transfer from Profit and Loss Account	<u>1500.00</u>		<u>500.00</u>
	8000.00		6500.00
Surplus :			
Balance in Profit and Loss Account	713.55		742.95
	<u>9303.84</u>		<u>7833.24</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2006 Rs lakhs	As at 31-3-2005 Rs lakhs
SCHEDULE 'C' - SECURED LOANS		
LOANS AND ADVANCES FROM BANKS :		
WORKING CAPITAL ADVANCES (See Note 2 below)	3464.00	4644.31
TERM LOANS		
(a) Captive Power Project : (See Note 1(c) below)	3825.00	4500.00
(b) Expansion Project (See Note 1 below)	3180.00	4260.00
	<u>10469.00</u>	<u>13404.31</u>

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 :

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

SESHASAYEE PAPER AND BOARDS LIMITED

SCHEDULE 'D' - FIXED ASSETS

PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE	
	As at 1-4-2005 Rs lakhs	Additions Rs lakhs	Deductions/ Adjustments Rs lakhs	As at 31-3-2006 Rs lakhs	Upto 31-3-2005 Rs lakhs	For the Year Rs lakhs	Withdrawn/ Adjustments Rs lakhs	Upto 31-3-2006 Rs lakhs	As at 31-3-2006 Rs lakhs	As at 31-3-2005 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	3.36	0.33	0.00	3.69	16.82	17.15
- OTHERS	3788.81	79.72	0.00	3868.53	724.37	123.31	0.00	847.68	3020.85	3064.44
PLANT AND MACHINERY										
- ON LEASE TO OTHERS	4478.03	0.00	267.41	4210.62	4478.03	0.00	267.41	4210.62	0.00	0.00
- OTHERS	27740.86	771.82	40.99	28471.69	9012.37	1278.65	10.73	10280.29	18191.40	18728.49
FURNITURE, FIXTURES, EQUIPMENT, ETC.	617.09	27.20	5.00	639.29	364.96	45.16	3.77	406.35	232.94	252.13
VEHICLES	71.69	23.27	14.38	80.58	50.76	4.87	13.41	42.22	38.36	20.93
	<u>36744.76</u>	<u>902.01</u>	<u>327.78</u>	<u>37318.99</u>	<u>14633.85</u>	<u>1452.32</u>	<u>295.32</u>	<u>15790.85</u>	<u>21528.14</u>	<u>22110.91</u>
CAPITAL WORK-IN-PROGRESS - AT COST										
- Advances - Unsecured - Considered Good									479.91	32.14
- Others									# 426.65	420.70
# Includes Interest capitalised during the year - Rs 102.50 lakhs. (Previous year - Rs 146.74 lakhs).									<u>22434.70</u>	<u>22563.75</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2006	As at 31-3-2005		
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'E' - INVESTMENTS				
LONG TERM INVESTMENTS				
NON-TRADE				
IN GOVERNMENT OR TRUST SECURITIES :				
<i>Unquoted :</i>				
6 Year National Savings Certificates	0.09		0.09	
<i>Less : Matured during the year</i>	0.09		0.00	
		0.00		0.09
IN SHARES - FULLY PAID :				
<i>Quoted :</i>				
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
114080 Equity Shares of Rs 10/- each in Industrial Development Bank of India Limited		91.07		91.07
72646 Equity Shares of Rs 10/- each in High Energy Batteries (India) Limited				
As per last Balance Sheet	103.05		58.04	
<i>Add : Purchased during the year</i> (Previous year : No. of shares 69421)	11.35		45.01	
		114.40		103.05
<i>Unquoted :</i>				
50000 Equity Shares of Rs 10/- each in Agri Development Finance (Tamilnadu) Limited		5.00		5.00
Carried over		217.61		206.35

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2006		As at 31-3-2005	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
Brought forward		217.61		206.35
TRADE				
IN SHARES - FULLY PAID :				
<i>Quoted :</i>				
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
<i>Unquoted :</i>				
4100 Equity Shares of Rs 10/- 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
2000000 Zero Coupon Rate Redeemable Preference Shares of Rs 10/- each in Ponni Sugars (Erode) Limited		200.00		200.00
10000 Equity Shares of Rs 10/- each in OPG Energy Private Limited		1.00		1.00
		746.30		735.04

Notes :

	Cost Rs lakhs	Market value Rs lakhs
Aggregate amount of :		
Quoted Investments	534.89	2628.50
Unquoted Investments	211.41	--

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2006
Rs lakhs

As at
31-3-2005
Rs lakhs

SCHEDULE 'F' - INVENTORIES

(At lower of cost or net realisable value)

Raw materials	2434.53	2360.31
Stores, Spares and Chemicals	2286.16	2073.78
Stock-in-Trade	0.00	0.00
Stock-in-Process	275.19	261.32
	4995.88	4695.41

SCHEDULE 'G' - SUNDRY DEBTORS

SECURED - CONSIDERED GOOD :

Exceeding six months	240.97	85.47
Other debts	1115.89	1103.90

UNSECURED - CONSIDERED GOOD :

Exceeding six months	45.47	70.50
(Net of Rs 117.42 lakhs, (Previous year Rs 88.06 lakhs) being the debts considered doubtful and provided for)		
Other debts	3080.75	3058.95
	4483.08	4318.82

SESHASAYEE PAPER AND BOARDS LIMITED

	As at	31-3-2006	As at	31-3-2005
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs

SCHEDULE 'H' - CASH AND BANK BALANCES

CASH BALANCE :

Cash on hand	46.39			50.00
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BANK BALANCES :

WITH SCHEDULED BANKS :

In Current Account	610.66		1007.30	
In Unclaimed Dividend Accounts	32.65		30.73	
In Deposit Account	5499.29 *		4868.92 *	
	6142.60			5906.95

* (Includes Rs 0.30 lakhs, pledged with State Government Department, as Security)

	6188.99			5956.95
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SCHEDULE 'I' - LOANS AND ADVANCES

ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED - UNSECURED - CONSIDERED GOOD :

Deposits	765.49			552.62
Prepaid expenses	224.54			297.41
Balances in Current Account with Central Excise Department and Port Trust	169.35			249.25
Tax payments pending adjustments	164.79			134.86
MAT Credit Entitlement	138.00			0.00
Others	789.30			1045.62
	2251.47			2279.76

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2006		As at 31-3-2005
	Rs lakhs	Rs lakhs	Rs lakhs

SCHEDULE 'J' - CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES :

Acceptances	5840.01		5350.24
Sundry Creditors			
- Dues to Small Scale Industrial Undertakings	42.76		48.55
- Others	<u>5629.21</u>		<u>5783.93</u>
	5671.97		5832.48
Investor Education and Protection Fund shall be credited by the following amounts, namely :			
- Unclaimed Dividend (due at the end of the year - Nil)	32.65		30.73
Security Deposit from Distributors	838.01		785.31
	<u>12382.64</u>		<u>11998.76</u>

PROVISIONS :

Provision for Tax on Dividend	39.45		28.40
Proposed Dividend	281.25		202.50
	<u>320.70</u>		<u>230.90</u>

	Year ended 31-3-2006		Year ended 31-3-2005
	Rs lakhs	Rs lakhs	Rs lakhs

SCHEDULE 'K' - SALES (NET)

SALES, INCLUSIVE OF EXCISE DUTY AND EXCISE CESS

	46924.81*		43212.32
Less :			
Excise duty and Excise cess	5008.33		4656.28
Distributors' commission	417.57		385.82
Packing and delivery charges	2615.53		2123.26
Cash Discount	<u>688.17</u>		<u>617.15</u>
	8729.60		7782.51
	<u>38195.21</u>		<u>35429.81</u>

* includes Rs 6.24 lakhs being the value of 20 tonnes of Paper bought and sold. (Previous year - Nil)

SESHASAYEE PAPER AND BOARDS LIMITED

Year ended
31-3-2006
Rs lakhs

Year ended
31-3-2005
Rs lakhs

SCHEDULE 'L' - OTHER INCOME

Income from Investments		
From Long Term Investments		
(i) Non Trade Investments		
- Dividends	12.69	10.54
- Interest	0.09	0.00
(ii) Trade Investments		
- Dividends	18.85	2.75
Rent	5.22	4.85
Profit on sale of assets (net)	9.26	1.44
Import duty credit entitlements	0.00	2.60
Miscellaneous receipts	48.47	25.02
	94.58	47.20

SCHEDULE 'M' - INCREASE / (DECREASE) IN STOCK-IN-TRADE

Closing stock	0.00	0.00
Less : Opening stock	0.00	0.00
	0.00	0.00

Year ended
31-3-2006
Rs lakhs Rs lakhs

Year ended
31-3-2005
Rs lakhs Rs lakhs

SCHEDULE 'N' - MATERIALS CONSUMED

RAW MATERIALS CONSUMED

Opening Stock	2360.31	2694.82
Add : Purchases, including procurement expenses	15963.67	14540.95
	18323.98	17235.77
Less : Closing Stock	2434.53	2360.31
	15889.45	14875.46
Add : Feeding and other charges	158.02	110.85
	16047.47	14986.31

STORES, SPARES AND CHEMICALS CONSUMED

5062.12	4560.82
21109.59	19547.13

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2006		Year ended 31-3-2005	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs

SCHEDULE 'O' - EMPLOYEES' COST

Salaries, Wages, Bonus and Commission		2372.35		2220.88
Contribution to :				
- Employees' Provident Fund, including administrative charges		194.69		195.22
- Employees' State Insurance Scheme		3.65		10.77
- Employees' Group Gratuity-cum- Life Assurance Trust		218.35		173.76
- Superannuation Fund		3.96		2.18
- Group Insurance Scheme		<u>5.00</u>		<u>4.65</u>
		425.65		386.58
Welfare expenses		237.35		205.66
		<u>3035.35</u>		<u>2813.12</u>

SCHEDULE 'P' - REPAIRS AND MAINTENANCE

Buildings		176.75		139.41
Machinery		965.77		741.64
Others		79.91		67.41
		<u>1222.43</u>		<u>948.46</u>

SESHASAYEE PAPER AND BOARDS LIMITED

Year ended
31-3-2006
Rs lakhs

Year ended
31-3-2005
Rs lakhs

SCHEDULE 'Q' - OTHER EXPENSES

Rent	99.48	128.07
Rates, taxes and licence fees	525.40	504.14
Insurance	163.72	134.64
Directors' sitting fees	2.60	2.80
Auditors' Remuneration	7.38	7.63
Conversion charges	1.05	18.36
Office and other expenses	423.07	421.76
Miscellaneous expenses	195.28 [*]	220.10
Assets discarded	1.58	1.24
	1419.56	1438.74

* includes Rs 5.98 lakhs being the cost of Paper bought for sale. (Previous year - Nil)

SCHEDULE 'R' - DECREASE / (INCREASE) IN STOCK-IN-PROCESS

Closing Stock	275.19	261.32
Less : Opening Stock	261.32	295.68
	(-) 13.87	34.36

SCHEDULE 'S' - INTEREST AND FINANCING CHARGES (NET)

Interest on		
- Fixed Loans	836.25	709.41
- Others	403.03	432.77
	1239.28	1142.18
Less :		
- Interest received (Tax deducted at source - Rs 74.11 lakhs)	614.29	476.76
	624.99	665.42

SCHEDULE 'T' – Notes forming part of the Balance Sheet as at 31st March, 2006 and Profit and Loss Account for the year ended 31st March, 2006

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, Service Tax and Education Cess for which CENVAT credit is available), freight and other direct or allocated expenses and interest and financing charges 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 (other than Excise Duty / Countervailing Duty, Service Tax and Education Cess 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 and Education Cess, 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 date of transactions.

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

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

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

SESHASAYEE PAPER AND BOARDS LIMITED

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

	Current year	Upto 31 03 2006
	Rs lakhs	Rs lakhs
- Depreciation	600.92	5178.02
- Others	217.08	281.48
- Total	818.00	5459.50

- 3 Paper is the only segment of operation of the Company.

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

	31-3-2006 Rs lakhs	31-3-2005 Rs lakhs
5 Estimated amount of contracts remaining to be executed on Capital account and not provided for. <i>(net of advances)</i>	1724.60	218.29
6 Claims against the Company not acknowledged as debts.	36.45	31.28
7 Contingent liabilities on account of Guarantees given by Banks on behalf of the Company.	34.48	23.52
8 Dues to Small Scale Industrial Undertakings which are outstanding for more than 30 days.	0.00	0.00
9 (a) Exchange difference arising on foreign currency transactions credited / (debited) to respective revenue accounts.	(-) 19.41	43.28
(b) Unexpired portion of forward contracts in respect of foreign exchange transactions.	0.00	0.00
10 The following expenditure incurred on Research and Development has been included under the respective heads :		
(a) Salaries, Wages and Bonus	10.63	9.18
(b) Contribution to Provident and other Funds	1.99	1.60
(c) Welfare expenses	0.54	0.46
(d) Miscellaneous expenses	3.48	4.08

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2006		31-3-2005	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
11 Auditors' Remuneration :				
(i) Audit		4.00		4.00
Taxation matters		0.50		0.50
Certification		2.17		2.21
Expenses		0.11		0.31
(ii) Cost Audit		0.40		0.40
Expenses		0.20		0.21
		7.38		7.63
12 (a) Managerial remuneration under Section 198 of the Companies Act, 1956 :				
(i) Directors' sitting fees (no sitting fee was paid to Whole time Directors)		2.60		2.80
(ii) Commission to Non-Whole time Directors (included in Schedule "Q")		3.17		3.83
(iii) Remuneration to Whole time Directors including Chairman and Managing Director (included in Schedule "O")				
Salary	26.40		14.52	
Commission	26.40		14.52	
Contribution to :				
(i) Provident Fund	3.17		1.74	
(ii) Superannuation Fund	3.96		2.18	
(iii) Gratuity Fund	3.96		1.67	
Other perquisites	2.17		0.05	
		66.06		34.67
(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		2722.80		1160.44
Add : Remuneration to Wholetime Directors	66.06		34.67	
Commission to Non-Wholetime Directors	3.17		3.83	
Directors' Sitting Fees	2.60		2.80	
		71.83		41.30
		2794.63		1201.74
Ten percent of the Net Profit		279.46		120.17
(i) Commission to Wholetime Directors		26.40		14.52
(ii) Commission to Non-Wholetime Directors		3.17		3.83

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2006		31-3-2005	
13 Information required by Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 :				
		tonnes		tonnes
(a) Capacity and Production :				
Paper and Paper Boards :				
Licensed capacity (Paper industry is exempt from Industrial Licensing).				
Installed capacity		115000		115000
(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)				
Actual Production		122003		118854
	Quantity tonnes	Value Rs lakhs	Quantity tonnes	Value Rs lakhs
(b) Turnover :				
Paper and Paper Boards :	121312	46918.57	118264	43212.32
(value includes Duty Entitlements on exports)				
(excludes 691 tonnes used for manufacture of cores, notebooks, trade samples, labels, stationery, etc., and used as wrapper (Previous year 590 tonnes) and 20 tonnes of paper bought and sold - Rs 6.24 lakhs. (Previous year - Nil)				
(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)	118039	4163.77	131464	4030.03
Bagasse (BD)	73040	1787.47	48054	1233.20
Purchased Pulp	38424	9423.25	41018	9192.95
Waste paper cuttings	2955	514.96	2604	419.28
		<u>15889.45</u>		<u>14875.46</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2006		31-3-2005	
	Rs lakhs	%	Rs lakhs	%
(e) Value of imported / indigenous raw material / stores, spares and chemicals consumed :				
Raw materials :				
Imported	9398.44	59.15	8655.17	58.18
Indigenous	6491.01	40.85	6220.29	41.82
Total	<u>15889.45</u>	<u>100.00</u>	<u>14875.46</u>	<u>100.00</u>
Stores, Spares and Chemicals :				
Imported	3606.33	35.11	2182.40	26.86
Indigenous	6663.98	64.89	5942.85	73.14
Total	<u>10270.31</u>	<u>100.00</u>	<u>8125.25</u>	<u>100.00</u>
(includes consumption of coal and other fuels Rs 4473.98 lakhs under Power and Fuel (Previous year Rs 2994.90 lakhs) and consumption of spares Rs 734.21 lakhs, under Repairs and Maintenance). (Previous year Rs 569.53 lakhs)				
		Rs lakhs		Rs lakhs
(f) Value of imports calculated on CIF basis :				
Raw materials		9029.36		6670.08
Stores, Spares and Chemicals		3452.90		2635.39
Capital Goods		153.99		291.46
(g) Expenditure in foreign currencies :				
Travel		16.60		5.08
Interest		59.29		191.49
Export Commission		98.30		113.58
Others		33.35		15.05
(h) Amounts remitted in foreign currencies :				
Dividends		27.86		27.86
No. of Non-resident shareholders		1		1
No. of shares held		1547695		1547695
(i) Earnings in foreign exchange :				
Export of goods on FOB basis		6791.94		6679.68
Others		0.00		0.54

SESHASAYEE PAPER AND BOARDS LIMITED

14 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 (HEB)
- ◇ Esvin Advanced Technologies Limited (Esvin Tech)
- ◇ SPB Projects and Consultancy Limited (SPB-PC)
- ◇ Time Square Investments Private Limited (TSI)
- ◇ Sri K S Kasi Viswanathan, Director (Operations)
- ◇ Sri V Pichai, Director (Finance) & Secretary

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

Presumption of significant influence.

(iii) Transaction details

SI No.	Name of the related party	Description of transactions and amount during the year		Amount outstanding on 31.03.2006
			Rs lakhs	
1	Ponni Sugars (Erode) Limited	Purchase of Bagasse	1366.60	Assets : Investments in : 13.85 lakhs Equity Shares (16.90%) 20 lakhs Zero % Redeemable Preference Shares (100%) Liabilities : 12 lakhs Equity Shares (10.67%) Payables : Rs 102.47 lakhs
		Purchase of Power	22.77	
		Sale of fuel	1041.58	
		Sale of machinery spares	25.78	
		Other transactions (Net Debit)	23.41	
		Dividend paid	21.60	
		Dividend received	13.85	

SESHASAYEE PAPER AND BOARDS LIMITED

SI No.	Name of the related party	Description of transactions and amount during the year		Amount outstanding on 31.03.2006
			Rs lakhs	
2	High Energy Batteries (India) Limited	Sale of paper Other transactions (Net Debit) Dividend paid Dividend received	1.09 1.02 0.19 2.78	Assets : Investments in : 0.73 lakhs Equity Shares (8.10%) Liabilities : 0.10 lakhs Equity Shares (0.09%)
3	Esvin Advanced Technologies Limited	Nil		Assets : Investments in : 0.041 lakhs Equity Shares (25.81%)
4	SPB Projects and Consultancy Limited	Fees for Design, Engineering and Project Management Services Per-diem charges for deputation of personnel for procurement, follow up and inspection services Fees for conducting Rapid Environmental Impact Assessment Study for Mill Development Plan Reimbursement of Expenses Dividend received	6.06 1.82 9.92 3.69 0.75	Assets : Investments in : 0.05 lakhs Equity Shares (22.22%)
5	Time Square Investments Private Limited	Dividend paid	21.10	Liabilities : 11.72 lakhs Equity Shares (10.42%)

SESHASAYEE PAPER AND BOARDS LIMITED

Remuneration paid to Chairman and Managing Director and other Whole time Directors :

	Sri N Gopalaratnam	Sri K S Kasi Viswanathan	Sri V Pichai
	Rs lakhs		
Salary	12.00	7.20	7.20
Commission	12.00	7.20	7.20
Contribution to :			
(i) Provident Fund	1.44	0.86	0.86
(ii) Superannuation Fund	1.80	1.08	1.08
(iii) Gratuity Fund	1.80	1.08	1.08
Other Perquisites	0.05	0.99	1.13
	29.09	18.41	18.55

SESHASAYEE PAPER AND BOARDS LIMITED

15 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 No.

1	8	1	-	3	6	4
---	---	---	---	---	---	---

 of 1960 State Code

1	8
---	---

Balance Sheet date

3	1
---	---

0	3
---	---

2	0	0	6
---	---	---	---

Date Month Year

II Capital raised during the year (amount in Rs thousands)

Public issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Rights issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Bonus issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Private placement

			N	I	L			
--	--	--	---	---	---	--	--	--

III Position of mobilisation and deployment of funds (amount in Rs thousands)

Total liabilities

		4	1	1	0	0	4	2
--	--	---	---	---	---	---	---	---

Total assets

		4	1	1	0	0	4	2
--	--	---	---	---	---	---	---	---

Sources of Funds :

Paid up Capital

		1	1	2	5	0	0
--	--	---	---	---	---	---	---

Reserves and Surplus

		9	3	0	3	8	4
--	--	---	---	---	---	---	---

Deferred Tax

		5	4	5	9	5	0
--	--	---	---	---	---	---	---

Secured loans

		1	0	4	6	9	0	0
--	--	---	---	---	---	---	---	---

Unsecured loans

		2	0	3	9	7	4
--	--	---	---	---	---	---	---

Current Liabilities and Provisions

		1	2	7	0	3	3	4
--	--	---	---	---	---	---	---	---

Application of Funds :

Net fixed assets

		2	2	4	3	4	7	0
--	--	---	---	---	---	---	---	---

Investments

				7	4	6	3	0
--	--	--	--	---	---	---	---	---

Current Assets

		1	7	9	1	9	4	2
--	--	---	---	---	---	---	---	---

Misc. expenditure

			N	I	L			
--	--	--	---	---	---	--	--	--

Accumulated losses

			N	I	L			
--	--	--	---	---	---	--	--	--

SESHASAYEE PAPER AND BOARDS LIMITED

IV Performance of Company (amount in Rs thousands)

Turnover	Total expenditure																		
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		4	7	0	1	9	3	9											
		4	4	2	9	6	5	9											
+ - Profit / Loss before tax	+ - Profit / Loss after tax																		
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+			2	7	2	2	8	0											
+			1	7	9	1	3	0											
Earnings per share in Rs	Dividend rate%																		
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V Generic names of three principal products / services of Company

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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

N GOPALARATNAM
Chairman and
Managing Director

V PICHAI
Director (Finance) &
Secretary

K S KASI VISWANATHAN
M R B PUNJA
R V GUPTA
N RAVINDRANATHAN
Directors

Chennai
June 10, 2006

SESHASAYEE PAPER AND BOARDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2006

	Year ended 31-3-2006		Year ended 31-3-2005	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		2722.80		1160.44
Adjustments for :				
<i>Add :</i>				
Assets discarded	1.58		1.24	
Depreciation	1452.32		1127.93	
Interest and financing charges	1124.13		995.15	
Investments written off	0.00		12.00	
Provision for doubtful debts	29.35		29.35	
		<u>2607.38</u>		<u>2165.67</u>
		5330.18		3326.11
<i>Less :</i>				
Income from Investments	31.63		13.29	
Profit on sale of assets	9.26		1.44	
Profit on sale of Investments	0.00		3.48	
Effect of changes in Foreign Currency Exchange Rate	19.41		- 43.28	
		<u>60.30</u>		<u>- 25.07</u>
Operating profit before working capital changes		5269.88		3351.18
Increase/Decrease in working capital :				
Increase/Decrease in Inventories	- 300.47		- 354.05	
Increase/Decrease in Sundry Debtors	- 213.77		65.59	
Increase/Decrease in Other Current Assets	- 95.02		- 755.90	
Increase in Liabilities and Provisions	461.07		1655.98	
		<u>- 148.19</u>		<u>611.62</u>
Net cash from operating activities		<u>5121.69</u>		<u>3962.80</u>
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		- 1253.23		- 5122.35
Value of discarded assets		- 1.58		- 1.24
Sale / reduction in value of fixed assets		41.73		7.79
Income from Investments		31.63		13.29
Redemption / Sale of Investments		0.09		83.31
Purchase of Investments		- 11.35		- 45.01
		<u>- 1192.71</u>		<u>- 5064.21</u>
Net cash used in investing activities		<u>- 1192.71</u>		<u>- 5064.21</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2006 Rs lakhs	Year ended 31-3-2005 Rs lakhs
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Term Loans	0.00	4000.00
Increase in Unsecured Loans	723.72	661.40
Repayment of Term Loans	- 1755.00	- 1080.00
Increase / Decrease in Working Capital Borrowings	- 1180.31	9.06
Dividend and Dividend tax paid	- 230.90	- 228.44
Effect of changes in foreign currency exchange rates	- 12.06	44.81
Interest and Financing charges paid *	- 1242.39	- 1137.41
Net cash from financing activities	- 3696.94	2269.42
* Inclusive of interest capitalised Rs 102.50 lakhs. (Previous year Rs 146.74 lakhs)		
Net Increase in cash and cash equivalents (I)	232.04	1168.01
Cash and cash equivalents as at 31-3-2005 (II) (Opening Balance)	5956.95	4788.94
Cash and cash equivalents as at 31-3-2006 (Closing Balance) (I) + (II)	6188.99	5956.95

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 260.61 lakhs (Previous year Rs 155.28 lakhs) are included in operating activities.
- 4 Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to Rs 1.16 lakhs (Previous year Rs 3.36 lakhs).
- 5 Figures for the previous year have been re-grouped wherever necessary.

		K S KASI VISWANATHAN
	V PICHAI	M R B PUNJA
Chennai June 10, 2006	Director (Finance) & Secretary	R V GUPTA
	N GOPALARATNAM	N RAVINDRANATHAN
	Chairman and Managing Director	Directors

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of Seshsayee Paper and Boards Limited, for the year ended 31st March, 2006. The Statement has been prepared by the Company in accordance with the requirements of the 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 10, 2006, to the Members of the Company.

	For SURI & CO.,	For Messrs S VISWANATHAN
	S Swaminathan	Chella K Srinivasan
Chennai June 10, 2006	Membership No.20583 Partner Chartered Accountants	Membership No.23305 Partner Chartered Accountants