

SESHASAYEE PAPER AND BOARDS LIMITED

BALANCE SHEET AS AT 31st MARCH 2007

	Schedule	As at 31-3-2007		As at 31-3-2006	
		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>12983.34</u>		<u>9303.84</u>	
			14108.34		10428.84
2 Deferred tax			5098.50		5459.50
3 Loan Funds					
(a) Secured Loans	C		21788.04		10469.00
(b) Unsecured Loan - Interest Free Sales Tax Loan			<u>2590.43</u>		<u>2039.74</u>
Total			<u>43585.31</u>		<u>28397.08</u>
II APPLICATION OF FUNDS					
1 Fixed Assets					
(a) Gross Block	D	40953.73		37318.99	
(b) Less : Depreciation		<u>17232.86</u>		<u>15790.85</u>	
(c) Net Block		23720.87		21528.14	
(d) Capital Work-in-Progress		<u>11545.01</u>		<u>906.56</u>	
			35265.88		22434.70
2 Investments	E		817.85		746.30
3 Current Assets, Loans and Advances					
(a) Inventories	F	5497.07		4995.88	
(b) Sundry Debtors	G	5089.64		4483.08	
(c) Cash and Bank Balances	H	7210.18		6188.99	
(d) Loans and Advances	I	<u>3715.40</u>		<u>2251.47</u>	
		21512.29		17919.42	
Less :					
Current Liabilities and Provisions					
(a) Liabilities	J	13550.04		12382.64	
(b) Provisions		<u>460.67</u>		<u>320.70</u>	
		14010.71		12703.34	
Net Current Assets			7501.58		5216.08
Total			<u>43585.31</u>		<u>28397.08</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		N GOPALARATNAM Chairman and Managing Director	K S KASI VISWANATHAN Dr S NARAYAN
For Messrs S VISWANATHAN Chella K Srinivasan Membership No.23305 Partner Chartered Accountants	For SURI & CO., S Swaminathan Membership No.20583 Partner Chartered Accountants	V PICHAI Director (Finance) & Secretary	BIMAL KUMAR PODDAR N RAVINDRANATHAN Directors
Chennai June 09, 2007			

SESHASAYEE PAPER AND BOARDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

	Schedule	Year ended 31-3-2007		Year ended 31-3-2006	
		Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
1 INCOME					
Sales (Net)	K		41784.28		38195.15
Other income	L		163.63		94.58
Increase / (Decrease) in Stock-in-Trade	M		0.00		0.00
			<u>41947.91</u>		<u>38289.73</u>
2 EXPENDITURE					
Materials Consumed	N		23831.96		21115.57
Power and Fuel			6467.71		6716.62
Employees' Cost	O		2827.34		3035.35
Repairs and Maintenance	P		1368.84		1222.43
Other Expenses	Q		1326.88		1413.52
Decrease / (Increase) in Stock-in-Process	R		(-) 220.63		(-) 13.87
			<u>35602.10</u>		<u>33489.62</u>
3 PROFIT BEFORE INTEREST, DEPRECIATION AND TAX			6345.81		4800.11
Interest and Financing Charges (Net)	S		492.77		624.99
Depreciation			<u>1483.37</u>		<u>1452.32</u>
4 PROFIT BEFORE TAX			4369.67		2722.80
Provision for Current tax					
– Minimum Alternate Tax (MAT) payable		484.00		225.00	
– MAT Credit Entitlement		0.00		138.00	
– MAT Credit availed		<u>81.00</u>		<u>0.00</u>	
			565.00		87.00
Transfer (from) / to Deferred tax			(-) 361.00		818.00
Provision for Fringe Benefit Tax			<u>25.50</u>		<u>26.50</u>
5 PROFIT AFTER TAX			4140.17		1791.30
Profit brought forward from previous year			713.55		742.95
Total			<u>4853.72</u>		<u>2534.25</u>

SESHASAYEE PAPER AND BOARDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007 (Contd.)

	Year ended 31-3-2007 Rs lakhs	Year ended 31-3-2006 Rs lakhs
6 APPROPRIATIONS		
<i>Transfer to :</i>		
General Reserve	3000.00	1500.00
Proposed Dividend at 35% (Previous year @ 25%)	393.75	281.25
Tax on Proposed Dividend	66.92	39.45
Balance Carried over	1393.05	713.55
Total	4853.72	2534.25
Notes :		
1 Basic and Diluted Earnings Per Share (Rs) :	36.80	15.92
2 Number of Equity Shares of Rs 10/- each	11250000	11250000
3 Disclosure as per Accounting Standard AS-9 :	Rs lakhs	Rs lakhs
Sales (Gross)	50389.51	46924.81
<i>Less</i> : Excise Duty and Excise Cess	4629.73	5008.33
Sales (Net of Excise Duty and Excise Cess)	45759.78	41916.48
4 Schedules 'K' to 'S' and Notes in Schedule 'T' form an integral part of this Profit and Loss Account.		

<p style="text-align: center;">Vide our report of date attached</p> <p>For Messrs S VISWANATHAN Chella K Srinivasan Membership No.23305 Partner Chartered Accountants</p>	<p style="text-align: center;">For SURI & CO., S Swaminathan Membership No.20583 Partner Chartered Accountants</p>	<p style="text-align: center;">N GOPALARATNAM Chairman and Managing Director</p> <p style="text-align: center;">V PICHAI Director (Finance) & Secretary</p>
<p>Chennai June 09, 2007</p>	<p style="text-align: center;">K S KASI VISWANATHAN Dr S NARAYAN BIMAL KUMAR PODDAR N RAVINDRANATHAN Directors</p>	

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2007 Rs lakhs	As at 31-3-2006 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
(Of the above, 17 50 000 Equity Shares were allotted as fully paid up, by way of bonus shares, by capitalisation of Reserves)		
	1125.00	1125.00

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2007		As at 31-3-2006	
	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		8000.00		6500.00
Add: Transfer from Profit and Loss Account		3000.00		1500.00
		11000.00		8000.00
Surplus :				
Balance in Profit and Loss Account		1393.05		713.55
		12983.34		9303.84

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2007 Rs lakhs	As at 31-3-2006 Rs lakhs
SCHEDULE 'C' - SECURED LOANS		
LOANS AND ADVANCES FROM BANKS :		
WORKING CAPITAL ADVANCES (See Note 2 below)	4763.04	3464.00
TERM LOANS		
(a) Expansion Project (See Note 1 below)	2100.00	3180.00
(b) Captive Power Project (See Note 1(c) below)	2925.00	3825.00
(c) Mill Development Plan (See Note 1(d) below)	12000.00	0.00
	21788.04	10469.00

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 58.06 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) and (d) 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.
- d) by way of hypothecation of movable plant, machinery, fixtures, implements, fittings and other installations and all other articles and things purchased for the Mill Development Plan.

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.

SESHASAYEE PAPER AND BOARDS LIMITED

SCHEDULE 'D' - FIXED ASSETS

PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE	
	As at 1-4-2006 Rs lakhs	Additions Rs lakhs	Deductions/ Adjustments Rs lakhs	As at 31-3-2007 Rs lakhs	Upto 31-3-2006 Rs lakhs	For the Year Rs lakhs	Withdrawn/ Adjustments Rs lakhs	Upto 31-3-2007 Rs lakhs	As at 31-3-2007 Rs lakhs	As at 31-3-2006 Rs lakhs
LAND AND BETTERMENT	27.77	80.58	0.00	108.35	0.00	0.00	0.00	0.00	108.35	27.77
BUILDINGS										
- LEASEHOLD	20.51	0.00	0.00	20.51	3.69	0.34	0.00	4.03	16.48	16.82
- OTHERS	3868.53	59.77	0.00	3928.30	847.68	126.53	0.00	974.21	2954.09	3020.85
PLANT AND MACHINERY										
- ON LEASE TO OTHERS	4210.62	0.00	0.00	4210.62	4210.62	0.00	0.00	4210.62	0.00	0.00
- OTHERS	28471.69	3470.42	56.24	31885.87	10280.29	1312.99	32.79	11560.49	20325.38	18191.40
FURNITURE, FIXTURES, EQUIPMENT, ETC.	639.29	84.74	11.87	712.16	406.35	37.46	8.48	435.33	276.83	232.94
VEHICLES	80.58	7.43	0.09	87.92	42.22	6.05	0.09	48.18	39.74	38.36
	37318.99	3702.94	68.20	40953.73	15790.85	1483.37	41.36	17232.86	23720.87	21528.14
CAPITAL WORK-IN-PROGRESS - AT COST										
- Advances - Unsecured - Considered Good									5.90	85.44
- Others									97.27	234.67
MILL DEVELOPMENT PLAN UNDER IMPLEMENTATION - AT COST										
- As per Annexure									11441.84	586.45
									<u>35265.88</u>	<u>22434.70</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2007 Rs lakhs	As at 31-3-2006 Rs lakhs	
SCHEDULE 'E' - INVESTMENTS			
LONG TERM INVESTMENTS			
NON-TRADE			
IN SHARES - FULLY PAID :			
<i>Quoted :</i>			
53 166 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
1 14 080 Equity Shares of Rs 10/- each in Industrial Development Bank of India Limited	91.07		91.07
82 711 Equity Shares of Rs 10/- each in High Energy Batteries (India) Limited			
As per last Balance Sheet	114.40		103.05
<i>Add</i> : Purchased during the year	71.55		11.35
(Previous year : No. of shares 72 646)	185.95		114.40
<i>Unquoted :</i>			
50 000 Equity Shares of Rs 10/- each in Agri Development Finance (Tamilnadu) Limited	5.00		5.00
TRADE			
IN SHARES - FULLY PAID :			
<i>Quoted :</i>			
13 85 260 Equity Shares of Rs 10/- each in Ponni Sugars (Erode) Limited	215.58		215.58
1 00 000 Equity Shares of Rs 10/- each in Tamilnadu Newsprint and Papers Limited	106.70		106.70
Carried over	611.44		539.89

SESHASAYEE PAPER AND BOARDS LIMITED

As at
31-3-2007
Rs lakhs

As at
31-3-2006
Rs lakhs

SCHEDULE 'E' - INVESTMENTS (Contd.)

LONG TERM INVESTMENTS

Brought forward	611.44	539.89
TRADE		
IN SHARES - FULLY PAID :		
<i>Unquoted :</i>		
4 100 Equity Shares of Rs 10/- each in ESVIN Advanced Technologies Limited	0.41	0.41
5 000 Equity Shares of Rs 100/- each in SPB Projects and Consultancy Limited	5.00	5.00
20 00 000 Zero Coupon Rate Redeemable Preference Shares of Rs 10/- each in Ponni Sugars (Erode) Limited	200.00	200.00
10 000 Equity Shares of Rs 10/- each in OPG Energy Private Limited	1.00	1.00
	<u>817.85</u>	<u>746.30</u>

Notes :

	Cost Rs lakhs	Market Value Rs lakhs
Aggregate amount of :		
Quoted Investments	606.44	2027.13
Unquoted Investments	211.41	-

SCHEDULE 'F' - INVENTORIES

(At lower of cost or net realisable value)

Raw materials	3091.50	2434.53
Stores, Spares, Chemicals and others	1909.75	2286.16
Stock-in-Trade	0.00	0.00
Stock-in-Process	495.82	275.19
	<u>5497.07</u>	<u>4995.88</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	As at 31-3-2007 Rs lakhs	As at 31-3-2006 Rs lakhs
SCHEDULE 'G' - SUNDRY DEBTORS		
SECURED - CONSIDERED GOOD :		
Exceeding six months	55.28	240.97
Other debts	1125.90	1115.89
UNSECURED - CONSIDERED GOOD :		
Exceeding six months	1.71	45.47
(Net of Rs 117.42 lakhs, (Previous year Rs 117.42 lakhs) being the debts considered doubtful and provided for)		
Other debts	3906.75	3080.75
	<u>5089.64</u>	<u>4483.08</u>

SCHEDULE 'H' - CASH AND BANK BALANCES		
CASH BALANCE :		
Cash on hand	30.03	46.39
BANK BALANCES :		
WITH SCHEDULED BANKS :		
In Current Accounts	1839.87	610.66
In Unclaimed Dividend Accounts	35.39	32.65
In Deposit Accounts	5304.89 *	5499.29
	7180.15	6142.60
* (Includes Rs 0.39 lakhs, pledged with State Government Department, as Security) (Previous year - Rs 0.30 lakhs)		
	<u>7210.18</u>	<u>6188.99</u>

SESHASAYEE PAPER AND BOARDS LIMITED

As at 31-3-2007	As at 31-3-2006
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	384.98	765.49
Inter Corporate Loans	100.00	0.00
Prepaid expenses	162.65	224.54
Balances in Current Account with Central Excise Department and Port Trust	556.16	169.35
Tax payments pending adjustments	212.70	164.79
MAT Credit Entitlement	57.00	138.00
Others	2241.91	789.30
	3715.40	2251.47

SCHEDULE 'J' - CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES :

Acceptances	6935.95	5840.01
Sundry Creditors		
- Dues to Small Scale Industrial Undertakings	81.48	42.76
- Others	5626.01	5629.21
	5707.49	5671.97
Investor Education and Protection Fund shall be credited by the following amounts, namely		
- Unclaimed Dividend (due at the end of the year - Nil)	35.39	32.65
Security Deposit from Distributors	871.21	838.01
	13550.04	12382.64
PROVISIONS :		
Provision for Tax on Dividend	66.92	39.45
Proposed Dividend	393.75	281.25
	460.67	320.70

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2007		Year ended 31-3-2006	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'K' - SALES (NET)				
SALES, INCLUSIVE OF EXCISE DUTY AND EXCISE CESS		50389.51*		46924.81
<i>Less :</i>				
Excise Duty and Excise Cess	4629.73		5008.33	
Distributors' commission	498.51		417.57	
Packing and delivery charges	2727.02		2615.59	
Cash Discount	749.97		688.17	
		<u>8605.23</u>		<u>8729.66</u>
		<u>41784.28</u>		<u>38195.15</u>
* includes bought and sold :				
(i) Paper - 400 tonnes - value Rs 140.07 lakhs (Previous year 20 tonnes - value Rs 6.24 lakhs)				
(ii) Petroleum Products - Rs 28.26 lakhs (Previous year - Nil)				

SCHEDULE 'L' - OTHER INCOME				
Income from Investments				
From Long Term Investments				
(i) Non Trade Investments				
- Dividends		15.62		12.69
- Interest		0.00		0.09
(ii) Trade Investments				
- Dividends		29.18		18.85
Rent		5.38		5.22
Profit on sale of assets (Net)		0.00		9.26
Miscellaneous receipts		113.45		48.47
		<u>163.63</u>		<u>94.58</u>

SCHEDULE 'M' - INCREASE / (DECREASE) IN STOCK-IN-TRADE				
Closing stock		0.00		0.00
<i>Less :</i> Opening stock		0.00		0.00
		<u>0.00</u>		<u>0.00</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2007		Year ended 31-3-2006	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
SCHEDULE 'N' - MATERIALS CONSUMED				
RAW MATERIALS CONSUMED				
Opening Stock	2434.53		2360.31	
Add : Purchases, including procurement expenses	<u>18132.83</u>		<u>15963.67</u>	
	20567.36		18323.98	
Less : Closing Stock	<u>3091.50</u>		<u>2434.53</u>	
	17475.86		15889.45	
Add : Feeding and other charges	<u>190.07</u>		<u>158.02</u>	
		17665.93		16047.47
STORES, SPARES AND CHEMICALS CONSUMED				
		<u>6166.03</u>		<u>5068.10</u>
		23831.96		<u>21115.57</u>

SCHEDULE 'O' - EMPLOYEES' COST				
Salaries, Wages, Bonus and Commission		2121.72		2371.68
Contribution to :				
- Employees' Provident Fund, including administrative charges	192.94		194.69	
- Employees' State Insurance Scheme	20.09		3.65	
- Employees' Group Gratuity-cum-Life Assurance Trust	237.36		218.35	
- Superannuation Fund	4.86		3.96	
- Group Insurance Scheme	<u>4.46</u>		<u>5.00</u>	
		459.71		425.65
Welfare expenses		<u>245.91</u>		<u>238.02</u>
		2827.34		<u>3035.35</u>

SCHEDULE 'P' - REPAIRS AND MAINTENANCE				
Buildings		194.66		176.75
Machinery		1094.54		965.77
Others		<u>79.64</u>		<u>79.91</u>
		1368.84		<u>1222.43</u>

SESHASAYEE PAPER AND BOARDS LIMITED

Year ended
31-3-2007
Rs lakhs

Year ended
31-3-2006
Rs lakhs

SCHEDULE 'Q' - OTHER EXPENSES

Rent	53.84	99.48
Rates, taxes and licence fees	433.18	525.40
Insurance	177.95	163.72
Directors' sitting fees	2.50	2.60
Auditors' Remuneration	8.23	7.38
Conversion charges	13.54	1.05
Office and other expenses	431.78	423.07
Miscellaneous expenses	181.64	189.24
Assets discarded	22.19	1.58
Loss on sale of assets (Net)	2.03	0.00
	1326.88	1413.52

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

Closing Stock	495.82	275.19
Less : Opening Stock	275.19	261.32
	(-) 220.63	(-) 13.87

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

Interest on		
- Fixed Loans	647.52	836.25
- Others	399.34	403.03
	1046.86	1239.28
Less :		
Interest received (Tax deducted at source - Rs 67.04 lakhs)	554.09	614.29
	492.77	624.99

SCHEDULE 'T' – Notes forming part of the Balance Sheet as at 31st March 2007 and Profit and Loss Account for the year ended 31st March 2007

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 taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses and interest and financing charges on related borrowings during construction period.

Any income earned during construction period is netted to the cost of the Project.

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 duties and taxes for which CENVAT / VAT 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 (other than selling and administrative overheads), Excise Duty and Education Cess, wherever applicable.

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.

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 (from) / to Deferred Tax is mainly on account of variation of allowances for tax purposes in :

	Current year Rs lakhs	Upto 31 03 2007 Rs lakhs
- Depreciation	(-) 281.73	4896.29
- Others	(-) 79.27	202.21
- Total	(-) 361.00	5098.50

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.

	31-3-2007 Rs lakhs	31-3-2006 Rs lakhs
5 Estimated amount of contracts remaining to be executed on Capital account and not provided for. (net of advances)	6316.97	1724.60
6 Claims against the Company not acknowledged as debts.	110.15	36.45
7 Contingent liabilities on account of Guarantees given by Banks on behalf of the Company.	9.05	34.48
8 Dues to Small Scale Industrial Undertakings which are outstanding for more than 30 days.	0.00	0.00
9 In the absence of information from the suppliers with regard to their registration with the specified authority, the Company is unable to furnish the information, as required under the Micro, Small and Medium Enterprises Development Act, 2006.		
10 (a) Exchange difference arising on foreign currency transactions credited / (debited) to respective revenue accounts.	172.56	(-) 19.41
(b) Unexpired portion of forward contracts in respect of foreign exchange transactions.	2087.49	0.00

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2007		31-3-2006	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
11 The following expenditure incurred on Research and Development has been included under the respective heads :				
(a) Salaries, Wages and Bonus		12.85		10.63
(b) Contribution to Provident and other Funds		2.51		1.99
(c) Welfare expenses		0.52		0.54
(d) Miscellaneous expenses		3.52		3.48
12 Auditors' Remuneration :				
(i) Audit		4.00		4.00
Taxation matters		0.65		0.50
Certification		2.78		2.17
Expenses		0.15		0.11
(ii) Cost Audit		0.50		0.40
Expenses		0.15		0.20
		<u>8.23</u>		<u>7.38</u>
13 (a) Managerial remuneration under Section 198 of the Companies Act, 1956 :				
(i) Directors' sitting fees (no sitting fee was paid to Whole-time Directors, including Chairman and Managing Director)		2.50		2.60
(ii) Commission to Non Whole-time Directors (included in Schedule 'Q')		2.79		3.17
(iii) Remuneration to Whole-time Directors, including Chairman and Managing Director (included in Schedule 'O')				
Salary		32.40		26.40
Commission		32.40		26.40
Contribution to :				
(i) Provident Fund		3.89		3.17
(ii) Superannuation Fund		4.86		3.96
(iii) Gratuity Fund		5.18		3.96
Other Perquisites		<u>2.31</u>		<u>2.17</u>
		81.04		66.06

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2007		31-3-2006	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
(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		4369.67		2722.80
Add : Remuneration to Whole-time Directors	81.04		66.06	
Commission to Non Whole-time Directors	2.79		3.17	
Directors' Sitting Fees	2.50		2.60	
		86.33		71.83
		4456.00		2794.63
Ten percent of the Net Profit		445.60		279.46
– Commission to Whole-time Directors		32.40		26.40
One percent of the Net Profit		44.56		27.95
– Commission to Non Whole-time Directors		2.79		3.17
 14 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
(60000 tonnes, at an average basis weight of 150 gsm and 55000 tonnes, at an average basis weight of 60 gsm)				
Actual Production		123468		122003

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2007		31-3-2006	
	Quantity tonnes	Value Rs lakhs	Quantity tonnes	Value Rs lakhs
(b) Turnover :				
Paper and Paper Boards :	122799	50221.19	121312	46918.57
(value includes Duty Entitlements on exports)				
[Excludes :				
- 669 tonnes used for manufacture of cores, notebooks, trade samples, labels, stationery, etc., and used as wrapper (Previous year - 691 tonnes),				
- 400 tonnes of paper bought and sold - value Rs 140.07 lakhs. (Previous year - 20 tonnes - Value Rs 6.24 lakhs) and				
- Petroleum Products bought and sold - Rs 28.26 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)	116525	5155.99	118039	4163.77
Bagasse (BD)	75130	1506.49	73040	1787.47
Purchased Pulp	37282	10565.67	38424	9423.25
Waste paper cuttings	1381	247.71	2955	514.96
		<u>17475.86</u>		<u>15889.45</u>
	Rs lakhs	%	Rs lakhs	%
(e) Value of imported / indigenous raw material / stores, spares and chemicals consumed :				
Raw materials :				
Imported	10096.63	57.77	9398.44	59.15
Indigenous	7379.23	42.23	6491.01	40.85
Total	<u>17475.86</u>	<u>100.00</u>	<u>15889.45</u>	<u>100.00</u>
Stores, Spares and Chemicals :				
Imported	4624.30	40.19	3606.33	35.11
Indigenous	6881.11	59.81	6663.98	64.89
Total	<u>11505.41</u>	<u>100.00</u>	<u>10270.31</u>	<u>100.00</u>
(includes consumption of coal and other fuels Rs 4579.70 lakhs under Power and Fuel (Previous year Rs 4473.98 lakhs) and consumption of spares Rs 912.18 lakhs, under Repairs and Maintenance). (Previous year Rs 734.21 lakhs)				

SESHASAYEE PAPER AND BOARDS LIMITED

	31-3-2007	31-3-2006
	Rs lakhs	Rs lakhs
(f) Value of imports calculated on CIF basis :		
Raw materials	9863.88	9029.36
Stores, Spares and Chemicals	3573.16	3452.90
Capital Goods	2055.44	153.99
(g) Expenditure in foreign currencies :		
Travel	31.98	16.60
Interest	0.00	59.29
Export Commission	92.12	98.30
Others	22.44	33.35
(h) Amounts remitted in foreign currencies :		
Dividends	38.69	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	5335.69	6791.94
Others	0.09	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 Parties :

- ◇ Sri N Gopalaratnam, Chairman and Managing Director of the Company
- ◇ Ponni Sugars (Erode) Limited (PEL)
- ◇ High Energy Batteries (India) Limited (HEB)
- ◇ 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.

SESHASAYEE PAPER AND BOARDS LIMITED

(iii) Transaction details :

SI No.	Name of the related party	Description of transactions and amount during the year		Amount outstanding on 31-03-2007
			Rs lakhs	
1	Ponni Sugars (Erode) Limited	Purchase of Bagasse Sale of fuel Sale of machinery spares Other transactions (Net Debit) Dividend paid Dividend received	1215.02 884.83 25.37 36.33 30.00 24.93	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 50.97 lakhs
2	High Energy Batteries (India) Limited	Inter Corporate Loan (ICL) Sale of paper Dividend paid Dividend received Interest received on ICL Reimbursement of expenses	100.00 1.13 0.26 3.24 6.71 1.29	Assets : Investments in : 0.83 lakhs Equity Shares (9.23%) Receivables : Rs 101.17 lakhs Liabilities : 0.10 lakhs Equity Shares (0.09%)
3	SPB Projects and Consultancy Limited	Reimbursement of Expenses Dividend received	0.96 1.25	Assets : Investments in : 0.05 lakhs Equity Shares (22.22%) Receivables : Rs 0.54 lakhs
4	Time Square Investments Private Limited	Dividend paid	29.31	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	18.00	7.20	7.20
Commission	18.00	7.20	7.20
Contribution to :			
(i) Provident Fund	2.16	0.86	0.86
(ii) Superannuation Fund	2.70	1.08	1.08
(iii) Gratuity Fund	2.88	1.15	1.15
Other Perquisites	0.05	1.19	1.07
	43.79	18.68	18.56

SESHASAYEE PAPER AND BOARDS LIMITED

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 No.

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

 of 1960 State Code

1	8
---	---

Balance Sheet date

3	1
---	---

0	3
---	---

2	0	0	7
---	---	---	---

Date Month Year

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

Public issue

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

Bonus issue

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

Rights issue

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

Private placement

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

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

Total liabilities

		5	7	5	9	6	0	2
--	--	---	---	---	---	---	---	---

Sources of Funds :

Paid up Capital

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

Deferred Tax

		5	0	9	8	5	0
--	--	---	---	---	---	---	---

Unsecured loans

		2	5	9	0	4	3
--	--	---	---	---	---	---	---

Application of Funds :

Net fixed assets

		3	5	2	6	5	8	8
--	--	---	---	---	---	---	---	---

Current Assets

		2	1	5	1	2	2	9
--	--	---	---	---	---	---	---	---

Accumulated losses

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

Total assets

		5	7	5	9	6	0	2
--	--	---	---	---	---	---	---	---

Reserves and Surplus

		1	2	9	8	3	3	4
--	--	---	---	---	---	---	---	---

Secured loans

		2	1	7	8	8	0	4
--	--	---	---	---	---	---	---	---

Current Liabilities and Provisions

		1	4	0	1	0	7	1
--	--	---	---	---	---	---	---	---

Investments

				8	1	7	8	5
--	--	--	--	---	---	---	---	---

Misc. expenditure

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

SESHASAYEE PAPER AND BOARDS LIMITED

IV Performance of Company (amount in Rs thousands)

Turnover	Total expenditure																												
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+	-	Profit / Loss after tax																											
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Earnings per share in Rs	Dividend rate%																												
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V Generic names of three principal products / services of Company

Item code No. (ITC code)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px; height: 20px; text-align: center;">4</td><td style="width: 20px; height: 20px; text-align: center;">8</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">2</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">0</td><td style="width: 20px; height: 20px; text-align: center;">0</td></tr> </table>	4	8	0	2	0	0	0	0																																																								
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U	n	c	o	a	t	e	d	P	a	p	e	r	a	n	d																																																		
P	a	p	e	r	B	o	a	r	d	s	u	s	e	d																																																			
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Vide our report of date attached

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

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

N GOPALARATNAM
Chairman and
Managing Director

V PICHAI
Director (Finance) &
Secretary

K S KASI VISWANATHAN
Dr S NARAYAN
BIMAL KUMAR PODDAR
N RAVINDRANATHAN
Directors

Chennai
June 09, 2007

SESHASAYEE PAPER AND BOARDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

	Year ended 31-3-2007		Year ended 31-3-2006	
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		4369.67		2722.80
Adjustments for :				
<i>Add :</i>				
Assets discarded	22.19		1.58	
Depreciation	1483.37		1452.32	
Interest and financing charges	931.83		1124.13	
Provision for doubtful debts	0.00		29.35	
		<u>2437.39</u>		<u>2607.38</u>
		<u>6807.06</u>		<u>5330.18</u>
<i>Less :</i>				
Income from Non-Trade Investments	15.62		12.78	
Profit / Loss on sale of assets	- 2.03		9.26	
Effect of changes in Foreign Currency				
Exchange Rate	<u>- 172.56</u>		<u>19.41</u>	
		<u>- 158.97</u>		<u>41.45</u>
Operating profit before working capital changes		<u>6966.03</u>		<u>5288.73</u>
Increase/Decrease in working capital :				
Increase/Decrease in Inventories	- 501.20		- 300.47	
Increase/Decrease in Sundry Debtors	- 591.35		- 213.77	
Increase/Decrease in Other Current Assets	- 2027.45		- 95.02	
Increase/Decrease in Liabilities and Provisions	<u>931.82</u>		<u>461.07</u>	
		<u>- 2188.18</u>		<u>- 148.19</u>
Net cash from operating activities		<u>4777.85</u>		<u>5140.54</u>
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		- 13908.02		- 1253.23
Value of discarded assets		- 22.19		- 1.58
Sale / reduction in value of fixed assets		24.82		41.73
Income from Non-Trade Investments		15.62		12.78
Redemption / Sale of Investments		0.00		0.09
Purchase of Investments		- 71.55		- 11.35
Net cash used in investing activities		<u>- 13961.32</u>		<u>- 1211.56</u>

SESHASAYEE PAPER AND BOARDS LIMITED

	Year ended 31-3-2007 Rs lakhs	Year ended 31-3-2006 Rs lakhs
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Term Loans	12000.00	0.00
Increase in Unsecured Loan	550.70	723.72
Repayment of Term Loans	- 1980.00	- 1755.00
Increase / Decrease in Working Capital Borrowings	1299.04	- 1180.31
Dividend and Dividend tax paid	- 320.70	- 230.90
Effect of changes in foreign currency exchange rates	7.72	- 12.06
Interest and Financing charges paid	- 1352.10*	- 1242.39
Net cash from financing activities	10204.66	- 3696.94
* Inclusive of interest capitalised Rs 433.37 lakhs (Previous year Rs 102.50 lakhs)		
Net Increase in cash and cash equivalents (I)	1021.19	232.04
Cash and cash equivalents as at 31-3-2006 (II) (Opening Balance)	6188.99	5956.95
Cash and cash equivalents as at 31-3-2007 (Closing Balance) (I) + (II)	7210.18	6188.99

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 546.54 lakhs (Previous year - Rs 260.60 lakhs) are included in operating activities.
- 4 Closing Cash and cash equivalents are after adjusting changes in foreign currency exchange rates amounting to Rs 12.21 lakhs (Previous year - Rs 1.16 lakhs).
- 5 Figures for the previous year have been re-grouped wherever necessary.

Chennai
June 09, 2007

V PICHAI
Director (Finance) &
Secretary

N GOPALARATNAM
Chairman and
Managing Director

K S KASI VISWANATHAN
Dr S NARAYAN
BIMAL KUMAR PODDAR
N RAVINDRANATHAN
Directors

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of Seshsayee Paper and Boards Limited, for the year ended 31st March 2007. 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 09, 2007, to the Members of the Company.

Chennai
June 09, 2007

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

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