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Thirteenth Annual Report
2003 - 2004

Sree Sakthi Paper Mills Limited

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DIRECTORS
Mr. S. Sivathanu Pillai (Chairman)
Mr. S. Rajkumar (Managing Director)
Mr. S. Giridhar
Mr. A.S. Unni
Mr. N. Ravindranathan
Mr. S. Subramaniam
Mrs. E. Kamalam

BANKERS
State Bank of India

AUDITORS
M/s Balan & Co.
Ernakulam, Cochin-18.

REGISTERED OFFICE
57/2993, "SREE KAILAS"
Paliam Road,
Ernakulam, Cochin - 16.

FACTORIES
KRAFT PAPER UNIT:
Development Area,
Edayar, Alwaye.

DUPLEX BOARD UNIT:
Kanjirapilly
Chalakkudy.

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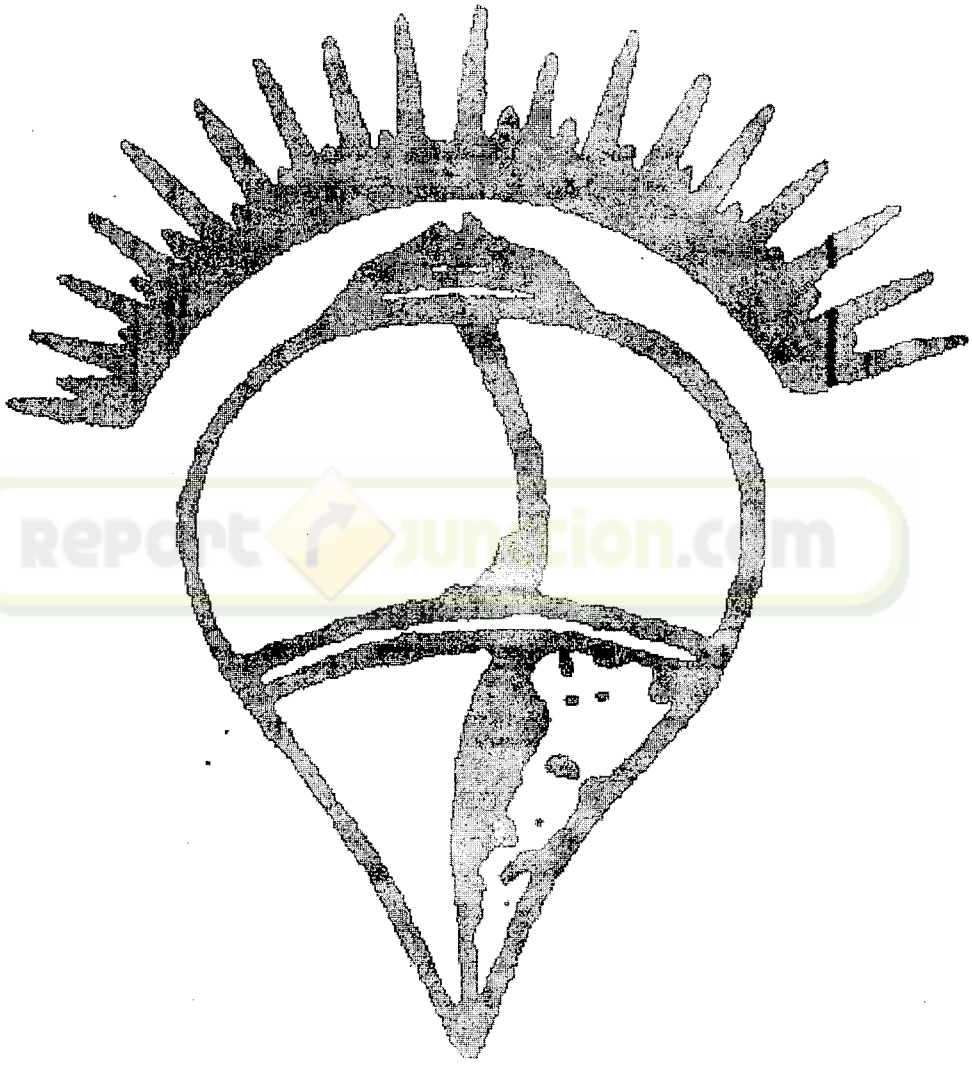

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CONTENTS

	Pages
Notice to Shareholders	5-6
Directors' Report	7-11
Auditor's Report	12-14
Balance Sheet	15
Profit & Loss Account	16
Schedules	17-28

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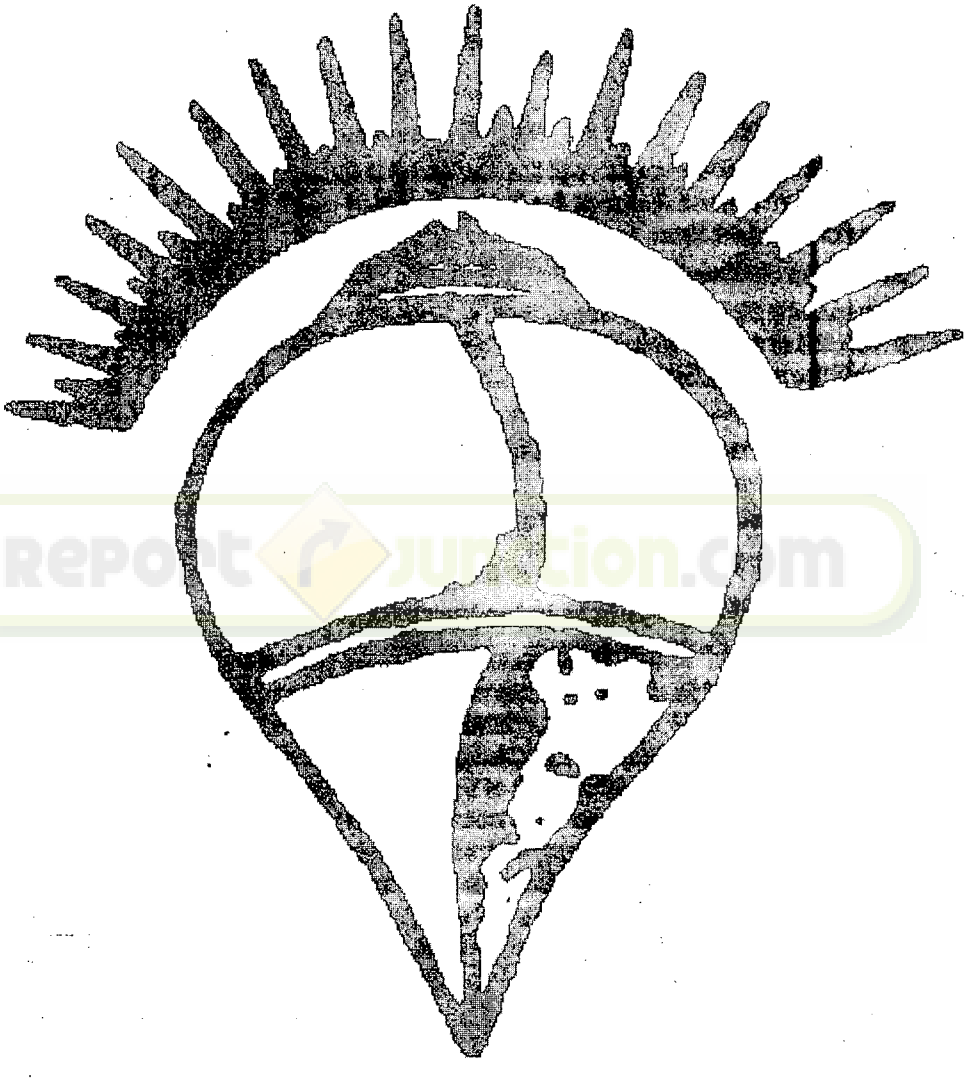

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SREE SAKTHI PAPER MILLS LIMITED

Regd. Office: Sree Kailas, 57/2993
Paliam Road, Cochin-682 016.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirteenth Annual General Meeting of the shareholders of the Company will be held at 11 A.M on Thursday the 30th September, 2004 at Hotel Abad Plaza, M. G. Road, Ernakulam, Cochin-35 to transact the following business.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend
3. To appoint a Director in place of Smt. E. Kamalam, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Sri. S. Giridhar, who retires by rotation according to Article 83 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

   "RESOLVED that in super session of the Resolution passed at the Annual General Meeting held on 28th September 2002 fixing the borrowing limits of the Company at Rs. 15 crores, the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1) (d) of the Companies Act, 1956, to borrow any sum or sums of money from time to time notwithstanding that the money or moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purposes provided however, the total amount so borrowed shall not exceed Rs. 25 Crores (Rupees Twenty five crores)."

By Order of the Board
For Sree Sakthi Paper Mills Limited

Sd/-
R. Ponnambalam
Company Secretary

COCHIN-16
04-09-2004

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NOTES:

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 6 of the notice is annexed hereto.

1. A Member is entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be a member. Proxies in order to be effective must lodged at the Registered Office of the company not less than 48 hours before commencement of the meeting.

2) Dividend, if declared, will be paid to those members whose names appear in the register of Members on 30th September, 2004 or to their mandatees.

3) Members are requested to notify their change of address if any

4. The accounts, the reports and all other documents required under the law to be annexed thereto will be available for inspection during working hours between 10 am to 1 p.m. at the Registered office of the company on any working day except Saturdays and Sundays prior to the date of Annual General Meeting.

EXPLANATORY STATEMENT UNDER SEC-173(2) OF THE COMPANIES ACT, 1956

ItemNo.6

The existing Borrowing limit of the Company as fixed at the Annual General Meeting of the Company held on 28th September, 2002, is Rs.15 (Fifteen) Crores Covering borrowings including working capital facilities. The Company has availed increased working capital facilities. The Company has made arrangements to finance the modernization and expansion plans of Edayar and Chalakudy factories involving borrowing from Banks of Rs. 275 Lakhs. The Company has also availed a Term Loan for improving working capital position. All the above will require enhancement of existing borrowing limit of Rs,15 crores fixed at the Annual General Meeting held on 28th September, 2002.

Hence the resolution

No director is interested in the resolution

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Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Thirteenth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2004

FINANCIAL RESULTS

	2003-2004 (Rs. Lacs)	2002-2003 (Rs. Lacs)
Sales (Net)	**4184.44**	3535.46
Operating Profit	**310.48**	272.26
Interest and finance	**119.76**	99.89
Depreciation	**104.51**	94.37
Profit before tax	**86.21**	78.00
Provision for tax	**33.04**	12.80
Profit after tax	**53.17**	65.20
Add Excess provision for tax relating to earlier year	**–**	3.25
Dividend provision and tax on dividend in previous year written back	**22.91**	–
Balance of profit brought forward	**17.42**	21.87
Amount available for appropriation	**93.50**	90.32
Appropriation General Reserve	**75.00**	50.00
Proposed Dividend & Tax on dividend	**18.28**	22.90
Retained profits carried to Balance Sheet	**0.22**	17.42

REVIEW OF OPERATIONS 2003-2004

Company's gross turnover for the year ended March 31, 2004 increased to Rs. 4751 lakhs from Rs. 3870 lakhs in the previous year, registering a growth of 22.7%. During the year under review, your Company has achieved higher production of 28354 MT as compared to 25860 MT during the previous year. The Company sold 28421 MT during the year as against 25960 MT in previous year. Export sales accounted for 1.56 percent of gross turnover. The Company's operating profit (PBDT) improved during the year on account of higher volumes and higher product selling prices. Continued focus on costs, productivity and efficiency and the impact during the later part of the year of modernisation and expansion has also contributed in earning increased profits. Interest expenditure increased net by 6.80 per cent caused by additional borrowings for working capital improvement and for project related capital expenditure.

Net profit for the year, however, decreased by 18.5% to Rs. 53.17 lakhs compared to Rs. 65.20 lakhs in the previous year, on account of increased Depreciation and Provision for income tax.

PROSPECTS FOR 2004-2005

The Company's performance so far in the current year is satisfactory. Margins, however, continued to be under pressure reflecting the heightened level of competition.

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