

# 55th ANNUAL REPORT 2011-12



**Sarda Plywood Industries Ltd.**

# KEEP OUR FORESTS GREEN



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Sarda Plywood Industries Ltd.

4th Floor, North Block, 113 Park Street, Kolkata 700 016  
Phone : (033) 22652274 Fax : (033) 22493675 E-mail : [info@sardaplywood.com](mailto:info@sardaplywood.com)

Toll Free Number: 1800-345-DURO (10am - 6am Monday-Friday)

[www.sardaplywood.in](http://www.sardaplywood.in)

**DURO**  
BLOCK BOARD • PLYWOOD • VENEERS • DOORS



Plywood conserves forests



# Sarda Plywood Industries Limited

## Board of Directors

Dr. Samares Kumar Chanda  
*Chairman*

Shri Sujit Chakravorti  
Dr. Kali Kumar Chaudhuri  
Shri Ratan Lal Gaggar  
Shri Naresh Pachisia  
Shri Probir Roy

Shri Sohan Lal Yadav  
*Whole-time Director*

Shri Sudeep Chitlangia  
*Managing Director*

## Chief Financial Officer & Company Secretary

Shri B. L. Mundhra

## Bankers

United Bank of India  
State Bank of India

## Auditors

G. P. Agrawal & Co.  
*Chartered Accountants*

## Registered Office

9, Parsee Church Street  
Kolkata - 700 001

## Corporate Office

North Block, 4th Floor  
113, Park Street  
Kolkata - 700 016

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## Notice to the Members

**NOTICE** is hereby given that the 55<sup>th</sup> Annual General Meeting of SARDIA PLYWOOD INDUSTRIES LIMITED will be held at The Far Pavilion, Tollygunge Club Limited, 120, Deshapran Sasmal Road, Kolkata - 700 033 on Friday, the 28<sup>th</sup> September 2012 at 11.00 A. M. to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2012 and Balance Sheet as at that date, together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Ratan Lal Gaggar who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sujit Chakravorti who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and for this purpose, to consider and if thought fit, to pass with or without modification the following resolution:  
 "RESOLVED that Messrs G. P. Agrawal & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors."
5. To appoint Branch Auditors and fix their remuneration and for this purpose, to consider and if thought fit, to pass with or without modification the following resolution:  
 "RESOLVED that pursuant to Section 228(3) of the Companies Act, 1956, Messrs Grover Dinesh & Associates, Chartered Accountants be and are hereby re-appointed as Branch Auditors of the Company for auditing the books of accounts maintained by the Delhi Branch of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors."

### SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following resolutions:

#### 6. As Special Resolution

RESOLVED that pursuant to Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, approval be and is hereby granted to the re-appointment of Shri Sohan Lal Yadav as Wholetime Director of the Company for the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2015 on the terms and conditions and remunerations as provided hereunder :

- (a) Salary of ₹ 1,72,000/- per month which may be revised, within the limits laid down in Schedule XIII, by the Remuneration Committee at any time during the tenure of his appointment.

- (b) Other allowances :

- (i) Tribal Area Allowance : ₹ 200/- per month.
- (ii) Remote Area Allowance : ₹ 200/- per month.

- (c) Perquisites:

#### PART - A

- i) Housing: Free unfurnished house to be provided by the Company subject to a deduction of 7.50% of the salary.
- ii) Medical Benefits: Medical allowance/Reimbursement of medical expenses (including medical insurance) for himself and his family subject to a ceiling of one month's salary in a year.
- iii) Leave Travel Concession/Leave Travel Allowance: For self and family once in a year subject to a ceiling of one-half month's actual average salary.
- iv) Personal Accident Insurance: As per rules of the Company, premium not to exceed ₹ 1,000/- per annum.
- v) Club Fees: Fees of Clubs subject to a maximum of two Clubs excluding the admission fee.

**Notice (Contd.)****PART – B**

- vi) Company's contribution towards Provident/Pension Fund: Subject to a ceiling of 12% of the salary or such other rate as may be prescribed under the Employees' Provident Fund and Miscellaneous Scheme, 1952.
- vii) Company's contribution towards Superannuation Fund: Such contribution together with contribution to the Provident/Pension Fund shall not exceed 27% of the salary or such other rate as may be laid down in the Income Tax Rules, 1962 from time to time.
- viii) Gratuity: Not exceeding 15 days' salary for each completed year of service.
- ix) Encashment of leave at the end of the tenure.

**PART – C**

- x) Car on Company's business : Provision of car for use on Company's business will not be considered as perquisite.
- xi) Telephone/Cell phone : Provision of cell phone and telephone at residence will not be considered as perquisite.

"RESOLVED FURTHER that the aforesaid remuneration be paid to Sri Sohan Lal Yadav, Wholtime Director, as minimum remuneration notwithstanding no profits or inadequate profits in any financial year".

By Order of the Board

Registered Office :  
9, Parsee Church Street  
Kolkata - 700 001  
29<sup>th</sup> May, 2012

B.L. MUNDHRA  
Chief Financial Officer &  
Company Secretary

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY FORM MUST REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS PRIOR TO THE TIME OF HOLDING THE MEETING.
2. An explanatory statement under Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of this Notice.
3. Register of the Members and the Share Transfer Books of the Company will remain closed from 21<sup>st</sup> September 2012 to 28<sup>th</sup> September 2012 (both days inclusive).
4. Unclaimed/unpaid dividend for the financial years 2004-05 and 2005-06 are due for transfer to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956 on or after 28<sup>th</sup> September 2012 and 20<sup>th</sup> October 2013 respectively. Those shareholders who have not yet claimed the Dividend for the financial years 2004-05 and 2005-06 are requested to contact the Registrar and Share Transfer Agents immediately.
5. Members are requested to intimate change in their addresses, if any, to the Registrar and Share Transfer Agents in respect of equity shares held in physical mode and to their depository participants (DPs) in respect of shares held in dematerialised form.
6. Members, who are desirous of receiving communications from the Company over email instead of physical documents, are requested to kindly register their email address with their depository participants, if the shares are held in dematerialized form and with the Registrars and Share Transfer Agents, if the shares are held in physical form.
7. Members seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
8. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring with them their copy of the Annual Report at the Annual General Meeting.
9. Members/Proxies are requested to bring the attendance slips with them duly filled in and hand over the same at the entrance of the meeting hall. Members/Proxies are also requested to carry photo identity card and to produce the same on demand.
10. Members/Proxies are requested to reach the venue well in advance and to complete registration formalities before the time fixed for start of the meeting.



**11. A brief resume of the Directors, proposed to be appointed/re-appointed -**

Name of Director	Shri Ratan Lal Gaggar	Shri Sujit Chakravorti
Date of Birth	1 <sup>st</sup> December 1932	13 <sup>th</sup> September 1943
Date of appointment	28 <sup>th</sup> June 1976	27 <sup>th</sup> September 2002
Qualification	B.A.(Hons.), L.L.B.	M.Com, F.C.A, F.I.C.W.A
Experience	56 years	41 years
Other Directorships	(1) Somani Ceramics Ltd. (2) Til Ltd. (3) Peria Karmalal Tea & Produce Co. Ltd. (4) Paharpur Cooling Towers Ltd. (5) International Combustion India Ltd. (6) SPML Infra Ltd. (7) Machino Plastics Ltd. (8) Sumedha Fiscal Services Ltd. (9) Shree Cement Ltd. (10) Machino Polymer Ltd.	(1) Deepak Industries Ltd. (2) Infusion India Ltd. (3) Kitply Industries Ltd. (4) Parcon (India) Pvt. Ltd. (5) WEBFIL Ltd.
Committee Memberships in other Companies	(1) TIL Ltd. - Audit Committee - Share Transfer Committee - Remuneration Committee (2) Somani Ceramics Ltd. - Audit Committee - Share Holders/Investors Grievance Committee - Remuneration Committee (3) Shree Cement Ltd. - Audit Committee - Share Holders/Investors Grievance Committee - Remuneration Committee - Selection Committee (4) Paharpur Cooling Towers Ltd. - Audit Committee (5) International Combustion (India) Ltd. - Audit Committee - Remuneration Committee	(1) Deepak Industries Ltd. - Audit Committee (2) Kitply Industries Ltd. - Audit Committee (3) WEBFIL Ltd. - Audit Committee.
Number of shares held in the Company	Nil	Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**
**Item No.6**

The Board of Directors have re-appointed Shri Sohan Lal Yadav as Wholetime Director of the Company for the period 1<sup>st</sup> April 2012 to 31st March 2015 on the remuneration and other terms and conditions as contained in the resolution. The re-appointment made by the Board of Directors and payment of remuneration as above is, however, subject to the approval of the members by a special resolution.

Shri Sohan Lal Yadav is working with the Company since last 47 years and has rich experience in plywood and tea industries. Your Directors are of the opinion that his continued association with the Company will be beneficial to the Company. The proposed resolution seeks the approval of the members to his re-appointment.

The Resolution set out in Item No. 6 of the Notice convening the meeting has to be considered accordingly and the Board recommends the same.

A Notice under Section 302 of the Companies Act, 1956 as to the abstract of the terms of re-appointment of Shri Sohan Lal Yadav was despatched to all the shareholders of the Company.

Shri Sohan Lal Yadav may be regarded as concerned with or interested in the resolution to the extent of the remuneration proposed to be paid to him. No other Director of the Company is in any way concerned or interested in the Resolution.

By Order of the Board

Registered Office :  
9, Parsee Church Street  
Kolkata - 700 001  
29<sup>th</sup> May, 2012

B.L. MUNDHRA  
Chief Financial Officer &  
Company Secretary

## Notice (Contd.)

Statement, pursuant to the provisions of sub-para (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 with respect to item Nos. 6 of the Notice

### I. General Information

- 1 Nature of Industry Plywood & Allied products  
Bought Leaf Tea Processing factory
- 2 Date of commencement of commercial production The Company is in plywood business since the date of its incorporation i.e. 26<sup>th</sup> June 1957. Bought Leaf Tea Processing Factory commenced commercial production with effect from 19<sup>th</sup> March 1998.
- 3 In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. Not Applicable.

### 4. Financial performance based on given indicators : (₹ in Lacs)

Financial Parameters	2011-12	2010-11	2009-10
Gross Sales	18076.36	15853.35	12267.47
Profit / (Loss) Before Tax	(908.28)	282.56	228.87
Profit / (Loss) After Tax	(568.77)	262.31	154.48
Net Worth (as on last day of the year)	2780.79	3259.66	2999.47

- 5 Export performance and net foreign exchange collaborations The Company does not export any of its products. The Company does not have any foreign collaborations.
- 6 Foreign investments of collaborators, if any. Not Applicable

### Sohan Lal Yadav

### II Information about the Appointees

- 1 Background details Shri Sohan Lal Yadav aged about 64 years has over 47 years experience in production and technology of plywood and tea industries and works management.
- 2 Past remuneration (2011-12) ₹ 24.96 Lacs.
- 3 Recognition or awards. Nil.
- 4 Job profile and his suitability Overall responsibility for production and works management. Taking into consideration his long association with the Company and rich experience, he is best suited for the position of Wholtime Director.
- 5 Remuneration proposed. As set out in the Notice to the Members.
- 6 Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person. Taking into consideration the size of the Company, the profile of Shri Sohan Lal Yadav, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other Companies.
- 7 Pecuniary relationship directly or in directly with the Company, or relationship with the managerial personnel, if any. Other than remuneration paid/ payable, Shri Sohan Lal Yadav, Wholtime Director has no pecuniary relationship directly or indirectly with the Company.

### III Other Information

- 1 Reasons of loss or inadequate profits. The Company incurred losses mainly due to substantial adverse variation in Foreign Exchange rate and economic slow down which adversely affected the growth plans of the Company.
- 2 Steps taken or proposed to be taken for improvement The Company is taking various initiatives to increase production, optimize costs and widen distribution network.
- 3 Expected increase in productivity and profits. It is expected that the production as well as profitability of the Company will improve in the coming years.

### IV) Disclosures

Details of the proposed remuneration package of the managerial personnel is given in the resolution. The Corporate Governance Report which forms part of the Directors Report contains details of remuneration paid to all the Directors including the Managing Director and Wholtime Director.

## Directors' Report to the Members

Your Directors have pleasure in submitting their 55<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2012.

	( ₹ in lacs)	
FINANCIAL RESULTS	Year ended on 31.03.2012	Year ended on 31.03.2011
Gross Profit/(Loss)	(753.53)	449.94
Less: Depreciation	154.75	167.38
Profit/(Loss) before Taxation	(908.28)	282.56
Less: Provision for Current Tax	-	56.20
Less: Provision for deferred tax	(339.77)	7.63
Less: Taxation for earlier years	0.26	0.24
Add: MAT Credit Entitlement	-	43.82
Net Profit/(Loss)	<u>(568.77)</u>	<u>262.31</u>

### OPERATIONS

During the year under review, the general economic conditions were adversely affected due to global slowdown, high inflation, high interest rates and extremely volatile fluctuation in the Foreign Exchange Rates. In spite of above, the Company has been able to increase the turnover of its Plywood Division. However, due to adverse Foreign Exchange Rate fluctuations, the cost of imported raw materials went up significantly and the Company also incurred foreign exchange rate fluctuation loss. Consequently, the performance of the Plywood Division of the Company was adversely affected resulting into operating loss. However, the Tea Division of the Company has shown improved performance.

During the year under review, the Company has achieved a gross turnover of ₹180.76 Crores as against ₹ 158.53 Crores in the preceding financial year, an increase of 14.02% and has incurred a net loss of ₹ 5.69 Crores as against a net profit of ₹ 2.62 Crores in the preceding year.

### DIVIDEND

In view of losses incurred by the Company, the Directors regret their inability to recommend any dividend for the year ended 31<sup>st</sup> March 2012.

### PREFERENTIAL ISSUE

Pursuant to the special resolution passed by the members of the Company, the Company has allotted 4,35,000 Convertible Warrants carrying an option/entitlement to subscribe to and be allotted equivalent number of Equity Shares of ₹ 10/- each of the Company to a promoter group Company on preferential basis in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Company allotted 2,10,000 Equity Shares of ₹ 10/- each at a premium of ₹ 24.56/- per share as fully paid up upon exercise of the option attached to the Convertible Warrants. The said 2,10,000 Equity Shares rank pari-passu with the existing equity shares of the Company and are subject to lock-in-period of three years from the date of allotment.

### DIRECTORS

Shri Kirti Kumar Maheshwari, Director left for his heavenly abode on 6<sup>th</sup> August 2011. The Directors placed on record their appreciation of the services rendered by him during his tenure as a Director of the Company.

Shri Ratan Lal Gaggar and Shri Sujit Chakravorti retire by rotation, and being eligible, offer themselves for re-appointment.

### ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The particulars required under Section 217(1)(c) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are set out in Annexure-I forming part of this Report.

### EMPLOYEES

No employee of the Company is covered under Section 217(2A) of the Companies Act, 1956.



## Directors' Report (Contd.)

### CORPORATE GOVERNANCE

A Management Discussion and Analysis Report and a Report on Corporate Governance along with the certificate of the Auditors, Messrs G.P. Agrawal & Co., confirming compliance of the conditions of corporate governance, as stipulated under Clause 49 of the Listing Agreement are annexed.

### STOCK EXCHANGE LISTING

The Equity Shares of the Company are listed at the Bombay Stock Exchange Limited. The Company confirms payment of listing fee to the Bombay Stock Exchange Limited for the year 2012-2013.

### AUDITORS

Messrs G.P. Agrawal & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Messrs Grover Dinesh & Associates, Chartered Accountants, Branch Auditors for Delhi Branch of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the year ended 31<sup>st</sup> March 2012, the applicable accounting standards have been followed;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the year ended 31<sup>st</sup> March 2012 on a 'going concern' basis.

### ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the wholehearted and continued support extended to the Company by the Banks, Customers, Suppliers, various Government authorities and the shareholders. Your Directors also express their appreciation for the devotion and dedicated efforts of the employees at all levels.

For and on behalf of the Board

Registered Office:  
9, Parsee Church Street,  
Kolkata - 700001  
Dated : 29<sup>th</sup> May, 2012

SAMARES KUMAR CHANDA  
Chairman

**ANNEXURE - I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012.**

Information under Section 217(1)(c) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors Report.

**(A) CONSERVATION OF ENERGY**

- a) **Energy conservation measures taken:** Energy conservation, wherever possible, have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.
- b) Form-A in respect of tea operations is enclosed.

**(B) TECHNOLOGY ABSORPTION**

- (c) Efforts made in technology absorption as per Form B : Form B is enclosed.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (d) **Efforts:** The Company has not exported any of its products during the year.

- (e) **Earnings and Outgo :** (₹ in Lacs)

- (i) Foreign exchange earnings NIL
- (ii) Foreign exchange outgo (imports and other expenditure in foreign currency) 5117lacs

**FORM - A**

(See rule 2)

(For Bought Leaf Tea Processing Factory)

**Disclosure of particulars with respect to conservation of energy**

**2011-2012**      **2010-2011**

**A. POWER AND FUEL CONSUMPTION**
**1. Electricity**
**(a) Purchased**

Unit	Kwh	486540	446672
Total amount	₹	4148472	3659417
Rate/unit	₹/Kwh	8.53	8.19

**(b) Own generation**
**(i) Through diesel generator**

Unit	Kwh	Nil	Nil
Unit per litre of diesel oil	Kwh/ltr.	Nil	Nil
Cost/unit	₹/Kwh	Nil	Nil

**(ii) Through gas generator**

Unit	Kwh	1316230	1395070
Unit per SCUM of natural gas	Kwh/SCUM	2.06	2.43
Cost/unit	₹/Kwh	4.40	4.02

**2. Coal**
**3. Furnace Oil**
**4. Natural Gas**

Quantity	SCUM	1130429	1238125
Total cost	₹	9616990	10954384
Rate	₹/SCUM	8.51	8.85

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Electricity	Kwh/Kg.	0.72	0.73
Coal		Nil	Nil
Furnace Oil		Nil	Nil
Natural Gas	SCUM/Kg.	0.45	0.49

**Directors' Report (Contd.)****FORM - B**

(See rule 2)

**Disclosure of particulars with respect to technology absorption****I. Research and Development**

- |                          |   |   |
|--------------------------|---|---|
| 1. Specific Areas        | : | Input cost optimization, improvement in quality and capacity utilization. |
| 2. Benefits derived      | : | Improvement in quality and capacity utilization.                          |
| 3. Future plan of action | : | Further improvement in capacity utilization and cost optimisation.        |
| 4. Expenditure on R & D  | : | It has not been accounted for separately.                                 |

**II. Technology absorption, adoption and innovation**

- |   |   |   |
|---|---|---|
| 1. Efforts made   | : | The process technology has been upgraded, wherever required.          |
| 2. Benefits   | : | Efficient plant operation resulting into higher capacity utilization. |
| 3. Particulars of technology imported during the last five years. | : | Nil   |

For and on behalf of the Board

Registered Office:  
9, Parsee Church Street,  
Kolkata - 700001  
Dated : 29<sup>th</sup> May, 2012

SAMARES KUMAR CHANDA  
*Chairman*



## **Management Discussion and Analysis Report**

### **Overview**

Sarda Plywood Industries Limited is primarily engaged in two business segments viz; plywood & allied products and tea. Its plywood products are sold under DURO range of brands across the country and in all segments of the market. The Company also operates a furniture show room under the brand name "48 Hours". The Company also owns a bought leaf CTC tea processing factory in Assam.

### **Plywood**

During the year under review, there were visible signs of slowdown in the global economy resulting into depressed conditions in most of the world economies. In today's world of rapid globalization, Indian economy can't remain isolated and unaffected by events in other parts of the world. Higher rates of interest affected the capital investments as well as operating margins of the corporates. Slowdown, particularly, in the housing and infrastructure sector directly affected the demand for plywood and allied products.

Segment Revenue during the year under review increased to ₹143.26 Crores from ₹120.79 Crores thereby registering a growth of 18.60%. However, rising input costs, depreciating Rupee and high rate of interest adversely affected the profitability of the Division. During the year 2011-12, the Plywood Division has incurred a loss before tax and interest of ₹ 5.32 Crores as against profit before tax and interest of ₹ 6.26 Crores in the preceding year.

Extremely volatile fluctuation in the Foreign Exchange Rates is a matter of great concern and the same will have direct impact on the profitability of the Division. However, all possible efforts are being taken to minimize the Foreign Exchange Rate Fluctuation Risk.

It is expected that the Plywood industry will continue to grow at a reasonable rate and the Company is well positioned to take advantage of the available opportunities. The Management does not foresee any significant threat to the industry and/or Company from any product and/or sector.

### **Tea**

Performance of the Tea Division of the Company has improved during the year under review due to availability of green leaf at reasonable prices.

Segment revenue during the year under review was ₹ 23.68 Crores as against ₹ 25.48 Crores in the preceding financial year. Segment profit before tax and interest increased to ₹ 1.49 Crores from ₹ 0.82 Crores in the preceding financial year.

Since the Company's tea operations are in the bought leaf segment, availability of green leaf and its prices will remain a matter of concern. Outlook for the tea industry looks positive in the coming years. The Management does not foresee any significant threat to the industry and/or to the Company.

### **Internal Control system and their adequacy**

The Company has efficient Internal Control systems for all business segments. With the increased use of IT, the existing internal control systems have been further strengthened and the process will continue. The adequacy and effectiveness of the Internal Control Systems are regularly reviewed and changes are made wherever required.

### **Financial Performance**

During the Year under review, the gross turnover of the Company has increased from ₹ 158.53 Crores to ₹ 180.76 Crores registering a growth of 14.02%. The Company has incurred a net loss of ₹ 5.69 Crores as against a net profit of ₹ 2.62 Crores in the preceding year. In view of the loss incurred by the Company, the Board of Directors did not recommend any dividend.

### **Human Resource**

The Company has successfully introduced performance management system to evaluate its employees which indeed will motivate the employees and thereby increase productivity. Continuous efforts are taken to upgrade the knowledge and skills of all the employees through external as well as internal training. Cordial Industrial relations prevailed across the Company during the year under review. The total manpower strength as on 31<sup>st</sup> March 2012 was 914.

### **CAUTIONARY STATEMENT**

*Statement in the " Management Discussion and Analysis" section describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual result could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other factors such as any litigation and/or labour negotiations.*

## Report on Corporate Governance

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to good corporate governance and aims at achieving increased levels of transparency and accountability to its shareholders and other key stakeholders.

### 2. BOARD OF DIRECTORS

#### a) Composition of the Board

The Board consists of eight Directors comprising

- One Non-Executive Chairman (Independent)
- One Managing Director
- Five Non-Executive Independent Directors
- One Executive Director

None of the Directors are related to any other Director of the Company.

#### b) Board Meetings held during the year ended 31<sup>st</sup> March 2011

During the year under review four Board Meetings were held on 9<sup>th</sup> May 2011, 10<sup>th</sup> August 2011, 10<sup>th</sup> November 2011 and 8<sup>th</sup> February 2012.

#### c) Attendance at Board Meetings and at the last AGM

Name of Director	Category of Directorship	Number of Board Meetings		Attendance at last AGM
		Held	Attended	
Dr. Samares Kumar Chanda	Non-Executive Chairman (Independent)	4	4	Yes
Dr. Kali Kumar Chaudhuri	Non-Executive & Independent	4	4	Yes
Shri Sujit Chakravorti	Non-Executive & Independent	4	4	Yes
Shri Sudeep Chitlangia	Managing Director	4	4	Yes
Shri Ratan Lal Gaggar	Non-Executive & Independent	4	4	Yes
Shri Kirti Kumar Maheshwari*	Non-Executive & Independent	1	-	N.A
Shri Naresh Pachisia	Non-Executive & Independent	4	4	No
Shri Probir Roy**	Non-Executive & Independent	4	4	Yes
Shri Sohan Lal Yadav	Wholetime Director	4	1	No

\* Shri Kirti Kumar Maheshwari, Director, expired on 6<sup>th</sup> August 2011.

\*\* Shri Probir Roy was appointed as Additional Director on 9<sup>th</sup> May 2011

#### d) Number of other Directorships or Board Committees of which Director is a Member/Chairman

Name	No. of Directorship(s) in other public Limited Companies	No. of Membership(s) in other Board Committees	No. of Chairmanship(s) in other Board Committees
Dr. Samares Kumar Chanda	None	None	None
Dr. Kali Kumar Chaudhuri	Two	Two	None
Shri Sujit Chakravorti	Four	Three	Two
Shri Sudeep Chitlangia	Three	None	None
Shri Ratan Lal Gaggar	Ten	Seven	None
Shri Naresh Pachisia	Eight	Seven	None
Shri Probir Roy	Three	None	None
Shri Sohan Lal Yadav	None	None	None

### 3. AUDIT COMMITTEE

#### a) Composition of the Committee

The Audit Committee comprises of three Non-Executive Directors, all of whom are Independent Directors. The names of the members of the Committee are Shri Sujit Chakravorti (Chairman of the Committee), Shri Ratan Lal Gaggar and Shri Probir Roy. The Managing Director is permanent invitee in all meetings of the Committee. The Company Secretary acts as the Secretary of the Committee.





**b) Audit Committee Meetings held during the year ended 31<sup>st</sup> March 2012**

During the year under review, four Audit Committee Meetings were held on 9<sup>th</sup> May 2011, 10<sup>th</sup> August 2011, 10<sup>th</sup> November 2011 and 8<sup>th</sup> February 2012.

**c) Attendance at the Audit Committee Meetings**

Name of Director	No. of Meetings held	No. of Meetings attended
Shri Sujit Chakravorti	4	4
Shri Ratan Lal Gaggar	4	4
Shri Naresh Pachisia*	3	3
Shri Probir Roy#	1	1

\* Ceased to be a member from 10<sup>th</sup> November 2011.

# Appointed as a member from 10<sup>th</sup> November 2011.

**Terms of Reference**

The terms of reference of Audit Committee are as laid out in Clause 49 of Listing Agreement.

**4. REMUNERATION COMMITTEE**

**a) Composition of the Committee**

The Remuneration Committee comprises of three Non-Executive Directors, all of whom are Independent Directors. The names of the members of the Committee are Dr. Samares Kumar Chanda (Chairman of the Committee), Shri Ratan Lal Gaggar and Shri Sujit Chakravorti.

**b) Meetings and Attendance during the year ended 31<sup>st</sup> March 2012**

During the year under review, no Remuneration Committee Meeting was held.

**Terms of Reference :**

The terms of reference of Remuneration Committee are to recommend/review the remuneration package of the Managing/Whole-time Directors, based on performance.

**Details of remuneration to Directors**

Name	Salary & Perks (₹)	Sitting Fees (₹)	Total (₹)
Dr. Samares Kumar Chanda	-	50000	50000
Dr. Kali Kumar Chaudhuri	-	37500	37500
Shri Sujit Chakravorti	-	66000	66000
Shri Sudeep Chitlangia	3074311	-	3074311
Shri Ratan Lal Gaggar	-	78500	78500
Shri Kirti Kumar Maheshwari	-	-	-
Shri Sohan Lal Yadav	2496185	-	2496185
Shri Naresh Pachisia	-	58500	58500
Shri Probir Roy	-	45000	45000

**Note :**

(a) (i) Appointment of Shri Sudeep Chitlangia is for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2014.

(ii) Appointment of Shri Sohan Lal Yadav was for the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2012 and he has been re-appointed as Wholetime Director for the period 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2015 subject to approval of members in general meeting.

(b) The Company does not have any scheme for grant of stock options to its Directors or employees.

(c) The Company does not pay any commission or performance linked incentives to any of its Directors.

**Shareholding of Non-Executive Directors**

None of the Non-Executive Directors hold any shares in the Company as sole/first shareholder. Dr. Samares Kumar Chanda holds 2000 shares in the Company as joint holder.

## Report on Corporate Governance (Contd.)

### 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

#### a) Composition of the Committee

The Shareholders'/Investors' Grievance Committee consists of Dr. Samares Kumar Chanda, Non-Executive Independent Director and Chairman of the Committee, Shri Ratan Lal Gaggar, Non-Executive Independent Director and Shri Sudeep Chitlangia, Managing Director. The Company Secretary acts as the Secretary to the Committee.

#### b) Shareholders'/Investors' Grievance Committee Meetings held during the year ended 31<sup>st</sup> March 2012

During the year under review, five Shareholders' / Investors' Grievance Committee Meetings were held on 4<sup>th</sup> July 2011, 20<sup>th</sup> October 2011, 7<sup>th</sup> December 2011, 3<sup>rd</sup> February 2012 and 13<sup>th</sup> March 2012.

#### c) Attendance at the Shareholders'/Investors' Grievance Committee Meeting

Name of Director	No. of Meetings held	No. of Meetings attended
Dr. Samares Kumar Chanda	5	5
Shri Sudeep Chitlangia	5	3
Shri Ratan Lal Gaggar	5	5

#### Compliance Officer

Shri B.L. Mundhra, Chief Financial Officer & Company Secretary is the Compliance Officer.

#### Shareholders' Complaints

During the year ended 31<sup>st</sup> March 2012, the Company received one complaint and it was replied/resolved to the satisfaction of the shareholder. No complaints were pending at the beginning and at the closing of the year except those under litigation, dispute or Court orders.

### 6. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings are as under :

Financial Year	Location	Date	Time
2008-2009	The Far Pavilion, Tollygunge Club Limited, 120, Deshapran Sasmal Road, Kolkata - 700 033	22.09.2009	11.00 A.M.
2009-2010	-do-	29.09.2010	11.00 A.M.
2010-2011	-do-	23.09.2011	11.00 A.M.

#### Notes :

- No special resolutions were passed in the Annual General Meetings held on 22<sup>nd</sup> September 2009 and 23<sup>rd</sup> September 2011. Two special resolutions were passed in the Annual General Meeting held on 29<sup>th</sup> September 2010.
- An Extra-ordinary General Meeting was held on 17<sup>th</sup> June 2011 and two special resolutions were passed in the said meeting.
- No special resolution was passed through postal ballot during the year 2011-12.
- No special resolution is proposed to be put through postal ballot in the ensuing Annual General Meeting.

### 7. DISCLOSURES

- The Company has entered into a few transactions with the related parties, the details whereof have been given in notes to the accounts and which have been reviewed by the Audit Committee of the Company. However, these are not prejudicial to the interest of the Company.
- There were no instances of non-compliance nor have any penalties or strictures been imposed by any Stock Exchange or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

**Report on Corporate Governance (Contd.)**

- c) The Company has not adopted any whistle blower policy. No personnel were denied access to the Audit Committee.
- d) Management Discussion & Analysis, which has been reviewed by the Audit Committee of the Company, is a part of the Annual Report.
- e) The Board has adopted a code of conduct for Directors and Senior Management of the Company and the same has been posted on the Company's website. The declaration signed by the Managing Director to the effect that all Board members and Senior Management personnel have affirmed compliance with the code forms part of the Annual Report.
- f) The Managing Director and the Chief Financial Officer have submitted a certificate to the Board of Directors of the Company in connection with the matters specified in Sub-clause V of Clause 49 of the Listing Agreement.
- g) The Company has fulfilled the following non mandatory requirements as prescribed in Annexure 1D of Clause 49 of the Listing Agreement :
  - i) The Company has set up a Remuneration Committee; details whereof have been given in para 4 of this report.
  - ii) Financial statements of the Company are unqualified.

**8. MEANS OF COMMUNICATION**

- a) Quarterly results are normally published in the Financial Express in English and Kalantar in Bengali.
- b) Latest quarterly financial results are displayed on its Website [www.sardaplywood.in](http://www.sardaplywood.in).
- c) No presentations were made to institutional investors or analysts.

**9. GENERAL SHAREHOLDER INFORMATION**

- I. Annual General Meeting
  - Date and Time : 28<sup>th</sup> September 2012
  - Venue : The Far Pavilion, Tollygunge Club Limited  
120, Deshapran Sasmal Road, Kolkata - 700033
- II. Financial Calendar for the year 2012-2013
  - Results for the first quarter - Second week of August
  - Results for the second quarter - Second week of November
  - Results for the third quarter - Second week of February
  - Annual Audited Results - Last week of May
- III. Book Closure Date : 21<sup>st</sup> September 2012 to 28<sup>th</sup> September 2012 (both days inclusive).
- IV. Dividend Payment Date : Not Applicable
- V. Listing on Stock Exchanges : Bombay Stock Exchange Ltd.
- VI. Scrip Code : 516003
- VII. Market Price Data

Month	BSE		SENSEX	
	High	Low	High	Low
April 2011	34.25	30.15	19811.14	18976.19
May /2011	32.50	29.50	19253.87	17786.13
June 2011	31.50	28.15	18873.39	17314.38
July 2011	35.45	29.20	19131.70	18131.86
August 2011	35.25	27.60	18440.07	15765.53
September 2011	34.00	27.75	17211.80	15801.01
October 2011	33.65	27.60	17908.13	15745.43
November 2011	34.00	25.25	17702.26	15478.69
December 2011	28.80	22.00	17003.71	15135.86
January 2012	27.55	24.70	17258.97	15358.02
February 2012	26.45	22.80	18523.78	17061.55
March 2012	24.55	20.60	18040.69	16920.61

## Report on Corporate Governance (Contd.)

### VIII. Share Transfer System

M/s. Maheshwari Datamatics Private Limited are the Share Transfer Agents/Registrars (both for physical as well as demat segments) of the Company. The Board of Directors of the Company has authorized Shri Sudeep Chitlangia, Managing Director and Shri B.L. Mundhra, Chief Financial Officer & Company Secretary of the Company to approve all valid share transfer requests on regular basis and accordingly all valid transfers are effected within a fortnight. Details of approved share transfers are submitted to the Shareholders'/Investors' Grievance Committee.

### IX. Distribution of Shareholding as on 31<sup>st</sup> March 2012

No. of shares of ₹10/- each	No. of shareholders	% of Shareholders	No. of shares held	Shareholding %
1-500	6568	95.72	862775	20.10
501-1000	169	2.46	132281	3.08
1001-5000	88	1.28	177742	4.14
5001-10000	11	0.16	76660	1.79
10001-100000	19	0.28	876906	20.43
100001 & above	7	0.10	2166521	50.46
<b>TOTAL</b>	<b>6862</b>	<b>100.00</b>	<b>4292885</b>	<b>100.00</b>

### X. Categories of Shareholding as on 31<sup>st</sup> March 2012

Categories of Shareholders	No. of shares held	Percentage
Indian Promoters	1906301	44.41
Banks and Mutual Funds	10900	0.25
Bodies Corporate	569125	13.26
Individuals (inclusive of NRI)	1806559	42.08
<b>Total</b>	<b>4292885</b>	<b>100.00</b>

- XI. Dematerialisation of shares and liquidity : The Company's shares are available for dematerialisation with NSDL and CDSL. The ISIN allotted to the Company's Equity Shares is INE932D01010. As on 31<sup>st</sup> March 2012, 69.92% of the Share Capital has been dematerialised.

- XII. Outstanding GDR/ADR/Warrants : 225000 Convertible Warrants with entitlement to subscribe to and be allotted equivalent number of equity shares within eighteen months from the date of allotment of Warrants.

### XIII. Plant locations

- : 1. Tea Unit  
P.O. Jeypore - 786614  
Dist. Dibrugarh, Assam
2. Plywood Units
- (a) P.O. Jeypore - 786614  
Dist. Dibrugarh, Assam
- (b) Rajkot Gondal Highway  
Shapur - 360002, Veraval  
Dist. Rajkot, Gujarat  
(Under License Agreement)



**Report on Corporate Governance (Contd.)**

- XIV. Address for Correspondence : Maheshwari Datamatics Pvt. Ltd.  
6 Mangoe Lane, Kolkata – 700001  
Phone : (033) 2243 5029/2243 5809  
Fax : (033) 2248 4787  
E-mail : mdp1@cal.vsnl.net.in
- XV. E-mail id for investor grievances : investors@sardaplywood.com

Registered Office:  
9, Parsee Church Street,  
Kolkata - 700001  
Dated : 29<sup>th</sup> May, 2012

For and on behalf of the Board

**SAMARES KUMAR CHANDA**  
Chairman

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE TO  
THE MEMBERS OF SARDAPLYWOOD INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Sarda Plywood Industries Limited for the year ended 31<sup>st</sup> March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no investors grievances remaining unattended/pending for more than 30 days as at 31<sup>st</sup> March, 2012 except those under litigation, disputes or court orders.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For G.P. AGRAWAL & CO.  
Chartered Accountants  
(F. R. No. 302082E)

7A, Kiran Shankar Ray Road  
Kolkata - 700 001

**CA. RAKESH KUMAR SINGH**  
(Membership No. 66421)  
Partner

The 29<sup>th</sup> May 2012

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND  
SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Board has adopted a Code of Conduct for its Directors and Senior Management of the Company and the same is available on the Company's website.

I confirm that the Company has received from the Senior Management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct, as applicable to them, during the financial year ended 31<sup>st</sup> March 2012.

Kolkata  
29<sup>th</sup> May 2012

[Sudeep Chitlangia]  
Managing Director



## Auditors' Report to the Members

1. We have audited the attached Balance Sheet of SARDIA PLYWOOD INDUSTRIES LIMITED as at 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date (in which are incorporated the accounts of Company's branch at Delhi audited by other Auditors), annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditors Reports have been forwarded to us and have been appropriately dealt with in this report.
  - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012,
    - b) in the case of the Statement of Profit & Loss, of the PROFIT for the year ended on that date, and
    - c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For G.P. AGRAWAL & CO.  
Chartered Accountants  
(F. R. No. 302082E)

7A, Kiran Shankar Ray Road  
Kolkata - 700 001

The 29<sup>th</sup> May 2012

CA. RAKESH KUMAR SINGH  
(Membership No. 66421)  
Partner

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date to the Members of SARD PLYWOOD INDUSTRIES LIMITED on the accounts for the year ended 31<sup>st</sup> March, 2012.

- (i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.  
b) The fixed assets have been physically verified by the Management during the year. To the best of our knowledge, no material discrepancies were noticed on such verification.  
c) The Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) a) The inventories (excluding stocks with third parties) have been physically verified during the year by the Management at reasonable intervals. In respect of inventories lying with third parties confirmation has been obtained from some of the parties.  
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.  
b) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in register maintained under section 301 of the Act, clauses (iii)(b) to (iii)(d) of paragraph 4 of the said order are not applicable to the Company.  
c) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of Act.  
d) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act, clauses (iii)(f) to (iii)(g) of paragraph 4 of the said order are not applicable to the Company.
- (iv) On the basis of information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanation given to us, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.
- v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section 301.  
b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit within the meaning of section 58A, 58AA or any other relevant provisions of the Act and the Rules framed thereunder.
- (vii) In our opinion, the internal audit system of the company is commensurate with the size of Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.
- (ix) a) According to the records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date of becoming payable.

**Auditors' Report (Contd.)**

- b) The disputed statutory dues aggregating to ₹ 376.41 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl No	Name of the Statute	Nature of dues	Amount (₹)	Period to which the amount relate	Forum where the dispute is pending
1.	Delhi Sales Tax Act, 1975	Sales Tax	77,86,548	1990-91	Addl. Commissioner of Sales Tax
2.	Central Sales Tax Act, 1956	Sales Tax	47,51,800	1990-91	Addl. Commissioner of Sales Tax
3.	Value Added Tax Act, 2003	Sales Tax	1,16,47,430	2005-06	Dy. Commissioner of Sales Tax
4.	Central Sales Tax Act, 1956	Sales Tax	70,769	2005-06	Dy. Commissioner of Sales Tax
5.	Income Tax Act, 1961	Income Tax	87,429	1985-86	Income Tax Appellate Tribunal
6.	Central Sales Tax Act, 1956	Sales Tax	13,99,318	2007-08 to 2010-11	Apple Tribunal, Ahmedabad.
7.	Value Added Tax Act, 2003	Sales Tax	99,760	2010-11	Apple Tribunal, Ahmedabad.
8.	Central Excise Act, 1994	Excise Duty	41,58,216	April 10 to Sept '10	Asst. Commissioner of Cental Excise
9.	Central Excise Act, 1994	Excise Duty	78,39,306	April 10 to Sept '10	Asst. Commissioner of Cental Excise
	TOTAL		3,76,40,576		

- (x) The Company does not have accumulated losses but has incurred cash loss during the year covered by our audit.
- (xi) The Company has not defaulted in payment of dues to a financial institution or bank. Debentures have not been issued by the Company.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and similar securities.
- (xiii) The provisions of any special statue applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to this Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures or other investments. However, the investments made by the Company in shares and other securities have been held by the Company in its own name.
- (xv) According to the records of the Company and the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) On the basis of our examination and according to the information and explanation given to us, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on the short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any secured debentures.
- (xx) The Company has not raised any moneys by public issue during the period covered by our audit report.
- (xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially misstated.

For GP. AGRAWAL & CO.  
Chartered Accountants  
(F. R. No. 302082E)

7A, Kiran Shankar Ray Road  
Kolkata - 700 001

The 29<sup>th</sup> May 2012

CA. RAKESH KUMAR SINGH  
(Membership No. 66421)  
Partner

**BALANCE SHEET as at 31st March, 2012**

Particulars	Note No	As at 31.03.2012			As at 31.03.2011
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' funds</b>					
(a) Share capital	2.1	42,956,975		40,856,975	
(b) Reserves and surplus	2.2	233,178,180		285,109,412	
(c) Money received against share warrants		<u>1,944,000</u>	278,079,155	<u>-</u>	325,966,387
<b>(2) Non - current liabilities</b>					
(a) Long - term borrowings	2.3	40,326,817		50,761,420	
(b) Deferred tax liabilities (Net)	2.4	-		13,258,980	
(c) Long - term provisions	2.5	<u>4,240,853</u>	44,567,670	<u>3,198,874</u>	67,219,274
<b>(3) Current liabilities</b>					
(a) Short - term borrowings	2.6	242,416,828		229,319,512	
(b) Trade payables		474,708,972		300,471,219	
(c) Other current liabilities	2.7	<u>42,868,904</u>		<u>39,422,533</u>	
(d) Short - term provisions	2.8	<u>1,257,977</u>	<u>761,252,681</u>	<u>1,172,481</u>	<u>570,385,745</u>
<b>TOTAL</b>			<u><u>1,083,899,506</u></u>		<u><u>963,571,406</u></u>
<b>II. ASSETS</b>					
<b>(1) Non - current assets</b>					
(a) Fixed assets					
(i) Tangible assets	2.9	152,634,471		150,771,206	
(ii) Intangible assets		4,985,977		1,631,249	
(iii) Capital work-in-progress		<u>177,714</u>		<u>4,141,736</u>	
		157,798,162		156,544,191	
(b) Non - current investments	2.10	85,563,788		105,651,413	
(c) Deferred Tax Assets(Net)	2.4	20,717,732		-	
(d) Long - term loans and advances	2.11	6,623,498		6,288,771	
(e) Other non - current assets	2.12	<u>60,000</u>	270,763,180	<u>60,000</u>	268,544,375
<b>(2) Current assets</b>					
(a) Inventories	2.13	471,841,448		377,055,271	
(b) Trade receivables	2.14	254,121,188		220,336,893	
(c) Cash and bank balances	2.15	10,645,857		19,894,823	
(d) Short - term loans and advances	2.16	74,346,748		75,372,342	
(e) Other current assets	2.17	<u>2,181,085</u>	<u>813,136,326</u>	<u>2,367,702</u>	<u>695,027,031</u>
<b>TOTAL</b>			<u><u>1,083,899,506</u></u>		<u><u>963,571,406</u></u>

Significant Accounting Policies

1

Notes to Accounts

2

The accompanying Significant Accounting Policies and Notes to Accounts are an integral part of the Financial Statements.

As per our report of even date attached.

On behalf of the Board

For G.P. AGRAWAL &amp; CO.

Chartered Accountants

(F.R. NO. 302082E)

SUJIT CHAKRAVORTI

Director

CA. RAKESH KUMAR SINGH

(Membership No. 66421)

Partner

B.L.MUNDHRA

Chief Financial Officer &amp;

Company Secretary

SUDEEP CHITLANGIA

Managing Director

Kolkata : 29th May, 2012

**STATEMENT OF PROFIT & LOSS ACCOUNT for the year ended 31st March, 2012**

		Year Ended 31.03.2012	Year Ended 31.03.2011
	Note No	₹	₹
<b>I. Revenue from operations</b>	2.18		
Sale of goods (Gross)		1,807,635,717	1,585,335,087
Less: Excise duty		123,411,282	108,333,219
Net sale of goods		1,684,224,435	1,477,001,868
Other operating Income		467,592	3,683,060
<b>Total Revenue from Operations</b>		1,684,692,027	1,480,684,928
<b>II. Other income</b>	2.19	775,668	6,585,287
<b>III. Total revenue ( I+II)</b>		1,685,467,695	1,487,270,215
<b>IV. Expenses:</b>			
Cost of materials consumed	2.20	1,008,868,399	884,831,325
Purchases of stock-in-trade	2.21	125,282,223	94,618,201
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22	(19,795,217)	(34,125,984)
Employee benefits expense	2.23	130,782,379	95,018,499
Finance costs	2.24	39,246,771	29,050,003
Depreciation and amortization expense		15,475,347	16,737,601
Other expenses	2.25	476,435,408	372,884,204
<b>Total expenses</b>		1,776,295,310	1,459,013,849
<b>V. Profit/ (loss) before tax (III - IV)</b>		(90,827,615)	28,256,366
<b>VI. Tax expense :</b>			
Current tax		-	5,620,000
Less: MAT credit entitlement		-	4,382,176
Net current tax		-	1,237,824
Deferred tax		(33,976,712)	763,069
Income tax provision for earlier years		26,085	24,740
<b>Profit/ (Loss) for the year (V - VI)</b>		(56,876,988)	26,230,733
<b>Earnings per equity share of Rs. 10/- each</b>			
Basic		(13.71)	6.42
Diluted		(12.91)	6.42

Significant accounting policies 1

Notes to accounts 2

The accompanying Significant Accounting Policies and Notes to Accounts are an integral part of the Financial Statements.

As per our report of even date attached.

On behalf of the Board

For G.P. AGRAWAL & CO.

Chartered Accountants

(F.R. NO. 302082E)

CA. RAKESH KUMAR SINGH

(Membership No. 66421)

Partner

SUJIT CHAKRAVORTI

Director

B.L.MUNDHRA

Chief Financial Officer &

Company Secretary

SUDEEP CHITLANGIA

Managing Director

Kolkata : 29th May, 2012



**CASH FLOW STATEMENT for the year ended 31st March, 2012**

	For the year ended 31.03.2012	For the year ended 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>₹</b>	<b>₹</b>
Net Profit/(Loss) before tax	(90,827,615)	28,256,366
Adjustments for:		
Depreciation and Amortisation expenses	15,475,347	16,737,601
Loss on Sale of Tangible Fixed Assets	1,570,319	147,049
Loss on Sale of Non Current Investments	50,000	-
Provision for diminution in value of Investments	37,625	(9,874)
Interest Income	(206,461)	(259,985)
Finance Costs	39,246,771	29,050,003
Dividend Income	(61,417)	(59,649)
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>(34,715,431)</b>	<b>73,861,511</b>
Increase/(Decrease) in Long Term Provisions	1,041,979	197,914
Increase/(Decrease) in Short Term Provisions	585,067	672,910
Increase/(Decrease) in Other Current Liabilities	1,296,371	7,101,920
Increase/(Decrease) in Trade Payables	174,237,753	53,134,619
Decrease/(Increase) in Long Term Loans & Advances	(334,727)	4,970,118
Decrease/(Increase) in Short Term Loans & Advances	3,146,059	(22,426,606)
Decrease/(Increase) in Other Current Assets	272,578	(1,384,642)
Decrease/(Increase) in Inventories	(94,786,177)	(74,342,322)
Decrease/(Increase) in Trade Receivables	(33,784,295)	(50,569,988)
<b>Cash generated from Operating activities</b>	<b>51,674,608</b>	<b>(82,646,077)</b>
Direct Taxes Paid / Refund	(2,646,121)	(6,028,684)
<b>Net Cash Flow from/(used in) Operating Activities</b>	<b>14,313,056</b>	<b>(14,813,250)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Tangible Fixed Assets	(16,198,771)	(18,303,055)
Purchase of Intangible Fixed Assets	(3,811,281)	(744,268)
Sale of Tangible Fixed Assets	1,498,571	521,642
Sale of Non Current Investments	20,000,000	-
Interest Income	121,300	230,433
Dividend Income	61,417	59,649
<b>Net Cash flow from/(used in) Investing activities</b>	<b>1,671,236</b>	<b>(18,235,599)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from secured borrowing	(18,552,684)	51,595,324
Proceeds from unsecured borrowing	23,365,397	10,592,610
Proceeds from Equity Shares	7,257,600	-
Proceeds from Share Warrants	1,944,000	-
Interest Expenses	(38,057,096)	(28,051,773)
Other Borrowing Costs	(1,189,675)	(998,230)
<b>Net Cash Flow from/(Used in) Financing Activities</b>	<b>(25,232,458)</b>	<b>33,137,931</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(9,248,166)</b>	<b>89,082</b>
Opening Cash and Cash Equivalents	19,510,190	19,421,108
Cash & Bank Balances as per Note No. 2.15	10,262,024	19,510,190

- Note:**
- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on Cash Flow Statement notified in the Companies (Accounting Standards) Rules, 2006.
  - 2) Figures in brackets represent cash outflow.
  - 3) Cash equivalents does not include any amount which is not available for use.

As per our report of even date attached.

For G.P. AGRAWAL & CO.

On behalf of the Board

Chartered Accountants  
(F.R. NO. 302082E)

SUJIT CHAKRAVORTI  
Director

CA. RAKESH KUMAR SINGH  
(Membership No. 66421)  
Partner

B.L.MUNDHRA  
Chief Financial Officer &  
Company Secretary

SUDEEP CHITLANGIA  
Managing Director

Kolkata : 29th May, 2012

## Notes to Account

### NOTE NO. 1 SIGNIFICANT ACCOUNTING POLICIES

1. (a) The accounts of the company have been prepared on the concept of going concern and on accrual basis except that insurance and other claims / refunds / subsidies are being accounted for / adjusted in the books as and when settled. Accounts have also been prepared in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.
- (b) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration. Gross Sales is inclusive of Excise Duty & exclusive of Sales Tax / VAT.
- (c) Short-term employee benefits (benefits which are payable before the end of twelve months after the end of the period in which the employees render service) are measured at cost.
- (d) Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.
- (e) All Assets and Liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule VI to the Companies' Act, 1956. Based on the nature of services provided and time between the rendering of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as less than 12 months for the purpose of current and non-current classification of assets and liabilities.
2. (a) Fixed assets have been stated at cost (net of Cenvat) as increased by attributable direct and indirect expenses less accumulated depreciation / amortisation. Wherever these assets have been revalued, the amounts stated are inclusive of enhanced value on account of revaluation.
- (b) Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital Work-in-Progress". Capital Work-in-Progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.
- (c) Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.
3. Depreciation on Fixed Assets have been provided for on straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 as amended. Computer Software (Acquired) are amortised over a period of five years. Amortisation is done on straight line basis.
4. Inventories are valued at lower of cost or net realisable value. The cost of inventories is computed on weighted average/FIFO basis. The cost of Finished Goods includes cost of conversion and cost incurred in bringing the inventories to their present location and condition.
5. Long term investments have been stated at cost less provision for diminution in the value.
6. (a) Transactions in Foreign currency are initially recorded at the exchange rate at which the transaction is carried out.
- (b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate.
- (c) In case of items which are covered by forward exchange contracts, the premium or discount on forward exchange contracts is amortised over the period of the respective contract.
- (d) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognised in the Statement of Profit & Loss.
7. (a) Government grants of the nature of project subsidy are credited to Capital Reserves.
- (b) Other Government grants of revenue nature are credited to Statement of Profit & Loss under the heading 'Other Operating Revenue'.
8. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
9. Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
10. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
11. Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable. Contingent liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognised in the Accounts.

**NOTE NO. 2**
**NOTES TO ACCOUNTS**

Note No : 2.1

**Share capital**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of shares	Amount ₹	No. of shares	Amount ₹
(a) <b>Authorised:</b>				
Equity shares of ₹10/- each	25,000,000	250,000,000	25,000,000	250,000,000
(b) <b>Issued:</b>				
Equity shares of ₹ 10/- each	4,472,810	44,728,100	4,262,810	42,628,100
(c) <b>Subscribed and fully paid up:</b>				
Equity shares of ₹10/- each	4,292,885	42,928,850	4,082,885	40,828,850
Forfeited shares (Amount originally paid up)	5,625	28,125	5,625	28,125
		<u>42,956,975</u>		<u>40,856,975</u>
(d) <b>Reconciliation of number and amount of equity shares outstanding at the beginning and at the end of the reporting period:</b>				
Outstanding at the beginning of the reporting period	4,088,510	40,856,975	4,088,510	40,856,975
Add: Issued during the year	210,000	2,100,000	-	-
Outstanding at the end of the reporting period	4,298,510	42,956,975	4,088,510	40,856,975
(e) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The holders of equity shares are entitled to receive dividends as declared from time to time. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
(f) <b>Shareholders holding more than 5 % of the equity shares in the Company :</b>				
	As at 31.03.2012		As at 31.03.2011	
<b>Name of Shareholder</b>	<b>No. of shares held</b>	<b>% of holding</b>	<b>No. of shares held</b>	<b>% of holding</b>
i) Cuckoo Fiscal Services Ltd.	440000	10.25	440000	10.78
ii) Sheela Chitlangia	363450	8.47	363450	8.90
iii) Sudeep Chitlangia	358350	8.35	358350	8.78
iv) Jaydeep Chitlangia	344300	8.02	344300	8.43
v) Hemant Kumar Motihar	226306	5.27	-	-
vi) Shabnam Motihar	224115	5.22	-	-
vii) Harish Kumar Motihar	-	-	450215	11.03
<b>TOTAL</b>	<u>1956521</u>	<u>45.58</u>	<u>1956315</u>	<u>47.92</u>

Note No : 2.2	As at 31.03.2012		As at 31.03.2011	
	₹	₹	₹	₹
<b>Reserves and surplus</b>				
(a) <b>Capital reserves</b>				
Balance as per last account		9,142,491		9,142,491
(b) <b>Securities premium account</b>				
Balance as per last account	58,890,400		58,890,400	
Add:- Received during the year	5,157,600	64,048,000	-	58,890,400
(c) <b>Revaluation reserve</b>				
Balance as per last account	3,572,086		3,783,930	
Less: Depreciation	211,844	3,360,242	211,844	3,572,086
(d) <b>General reserve *</b>				
Balance as per last account		124,485,632		124,485,632
(e) <b>Surplus</b>				
Balance as per last account	89,018,803		62,788,070	
Add : Profit / (Loss) transfer from Statement of Profit and Loss	(56,876,988)		26,230,733	
Balance at the end of the year		<u>32,141,815</u>		<u>89,018,803</u>
		<u>233,178,180</u>		<u>285,109,412</u>

\* General reserve is primarily created to comply with the requirements of section 205 (2A) of Companies Act, 1956. This is a free reserve and can be utilised for any general purpose like for issue of bonus shares, payment of dividend, buy back of shares etc.

## Notes to Accounts (contd).

	As at 31.03.2012 ₹	As at 31.03.2011 ₹
<b>Note No : 2.3</b>		
<b>Long-term borrowings</b>		
<b>Term Loans</b>		
Secured		
From entities other than banks	36,600,000	48,900,000
Unsecured		
From banks	428,553	1,111,782
From entities other than banks	3,298,264	749,638
	<u>40,326,817</u>	<u>50,761,420</u>

## (a) Nature of securities:

Term loan from entities other than banks is secured by first charge on the Company's immovable properties situated at Jeypore (Assam) by deposit of title deeds and also by hypothecation of all plant and machinery and other fixed assets of the Company, both present & future, and is additionally secured by personal guarantee of the Managing Director.

## (b) Terms of repayment:

Particulars	Amount outstanding as on Balance Sheet date		Period of maturity w.r.t. Balance Sheet date	Number of instalments Outstanding as on 31/03/2012	Amount of instalment
	Non Current	Current			
	₹	₹			₹
Secured Loans from entities other than Banks	36,600,000	11,350,000	3Yrs 5 Months	5	950,000
				12	1,100,000
				24	1,250,000

## Note No : 2. 4

## Deferred tax liabilities / (Assets) (Net)

## (a) Deferred tax liabilities :

Depreciation	11,298,007	13,533,192
	<u>11,298,007</u>	<u>13,533,192</u>

## (b) Deferred tax assets :

Expenses allowable for tax purposes when paid	1,691,295	274,212
Carry Forward Loss	30,324,444	-
	<u>32,015,739</u>	<u>274,212</u>
	<u>(20,717,732)</u>	<u>13,258,980</u>

## Deferred tax liabilities/(Assets) (Net) \*

\* Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

## Note No :2. 5

## Long-term provisions

Provision for employee benefits	4,240,853	3,198,874
	<u>4,240,853</u>	<u>3,198,874</u>

## Note No : 2.6

## Short-term borrowings

## Other loans and advances

## Secured

## From banks

Buyers Credit	49,153,324	85,444,595		
Working Capital Loan	<u>160,763,504</u>	<u>209,916,828</u>	<u>132,874,917</u>	<u>218,319,512</u>

## Unsecured

From entities Other than banks	<u>32,500,000</u>			<u>11,000,000</u>
	<u>242,416,828</u>			<u>229,319,512</u>

## Nature of securities:

Working capital loan & Buyers Credit are secured by hypothecation of present & future stocks and book debts and second charge on the Company's immovable and movable properties situated at Jeypore (Assam) and personal guarantees of Managing Director.



**Notes to Accounts (contd).**

	As at 31.03.2012	As at 31.03.2011
<b>Note No : 2.7</b>	₹	₹
<b>Other current liabilities</b>		
Current maturities of long-term debt	11,350,000	9,200,000
(Refer Note No. 2.3 (a) & (b) for nature of securities and terms of repayment)		
Interest accrued but not due on borrowings	480,188	593,359
Unpaid dividends *	383,833	384,633
<b>Other payables</b>		
Advances from customers and others	4,528,782	9,403,731
Security deposits	5,620,356	5,296,888
Statutory liabilities	10,490,708	8,674,645
Unpaid salaries and other payroll dues	9,101,030	5,235,269
Others	914,007	634,008
	<u>30,654,883</u>	<u>29,244,541</u>
	<u>42,868,904</u>	<u>39,422,533</u>

\* There is no amount due and outstanding to be credited to Investor Education & Protection Fund.

**Note No : 2. 8**

**Short-term provisions**

Provision for employee benefits	1,257,977	672,910
Provision for Taxation (net)	-	499,571
	<u>1,257,977</u>	<u>1,172,481</u>

**Note No : 2.9**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 31.03.2011	For the Year	Sales/ Adjustment	Upto 31.03.2012	As at 31.03.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>TANGIBLE ASSETS</b>									
Freehold Land	3,165,248	-	-	3,165,248	-	-	-	-	3,165,248
Buildings	75,672,681	496,949	-	76,169,630	27,141,647	2,141,482	-	29,283,129	46,886,501
Plant & Machinery	202,133,430	12,658,649	4,496,488	210,295,591	121,030,457	10,109,430	4,198,246	126,941,641	83,353,950
Motor Vehicles	17,304,078	4,928,659	3,684,196	18,548,541	9,326,141	1,236,606	1,472,838	9,089,909	9,458,632
Furniture, Fixtures	11,510,754	508,720	1,409,158	10,610,316	8,644,743	417,333	1,318,995	7,743,081	2,867,235
Office Equipments & Computer	22,310,262	1,569,816	4,301,017	19,579,061	15,162,259	1,325,787	3,831,890	12,676,156	6,902,905
Sub-total	332,096,453	20,162,793	13,890,859	338,368,387	181,325,247	15,230,638	10,821,969	185,733,916	152,634,471
<b>INTANGIBLE ASSETS</b>									
Computer Software (Acquired)	2,094,017	3,811,281	-	5,905,298	462,768	456,553	-	919,321	4,985,977
Sub-total	2,094,017	3,811,281	-	5,905,298	462,768	456,553	-	919,321	4,985,977
Capital Work-in-Progress									177,714
Total	334,190,470	23,974,074	13,890,859	344,273,685	181,788,015	15,687,191	10,821,969	186,653,237	157,798,162
Previous Year	252,219,884	85,911,952	3,941,366	334,190,470	168,111,245	16,949,445	3,272,675	181,788,015	156,544,191

**Notes :**

- Land, Building and Plant & Machinery were revalued on 30<sup>th</sup> June 1985 as per valuation report of M/s.Consolidated Enterprises on the basis of net replacement value and appreciation on revaluation aggregating to ₹ 1,63,77,041/- was credited to Capital Reserve.
- Intangible Assets

The unamortised amount of Computer Software (Acquired) ₹ 49,85,977/- (Previous year ₹ 16,31,249/-) is to be amortised at the rate of 20% per annum over a period of 3 - 5 years as the case may be.



## Notes to Accounts (contd).

Note No : 2.10

## Non-current investments

## Investments in Equity Shares

Trade investments (At cost less provision for other than temporary diminution)

Unquoted, Fully Paid up :

Associate Company

P. S. Plywood Products Private Ltd.

Other Companies

Orissa Tea Plantations Ltd.

The Albion Plywood Ltd.

Other investments (At cost less provision for other than temporary diminution)

a) Quoted, Fully paid up

Assam Petro-Chemicals Ltd.

Reliance Industries Ltd.

Radico Khaitan Ltd.

Rampur Fertilizers Ltd.

SMIFS Capital Markets Ltd.

Simplex Infrastructures Ltd.

United Credit Ltd.

b) Unquoted,

i) Fully paid up

Pro Sports Management Ltd.

Pousali Sales Pvt. Ltd.

ii) Partly paid up (Rs.60/- called and paid up)

The Purbanchal Bank Limited

	Face value ₹	Number of Shares/units	As at 31.03.2012 ₹	Number of Shares/units	As at 31.03.2011 ₹
P. S. Plywood Products Private Ltd.	10	5,950,000	80,508,750	5,950,000	80,508,750
Orissa Tea Plantations Ltd.	10	100	-	100	-
The Albion Plywood Ltd.	10	300	-	300	-
			<u>80,508,750</u>		<u>80,508,750</u>
Assam Petro-Chemicals Ltd.	10	200	1,572	200	1,572
Reliance Industries Ltd.	10	98	32,842	98	32,842
Radico Khaitan Ltd.	2	1,180	7,080	1,180	7,080
Rampur Fertilizers Ltd.	10	61	-	61	-
SMIFS Capital Markets Ltd.	10	3,500	98,525	3,500	136,150
Simplex Infrastructures Ltd.	2	1,000	20,052	1,000	20,052
United Credit Ltd.	10	1,000	9,032	1,000	9,032
			<u>169,103</u>		<u>206,728</u>
Pro Sports Management Ltd.	1,000	100	-	100	-
Pousali Sales Pvt. Ltd.	10	485,000	4,885,935	2,485,000	24,935,935
The Purbanchal Bank Limited	100	200	-	200	-
			<u>4,885,935</u>		<u>24,935,935</u>
			<u>85,563,788</u>		<u>105,651,413</u>
Aggregate amount of quoted investments			169,103		206,728
Aggregate amount of unquoted investments			85,394,685		105,444,685
Aggregate provision for diminution in value of investments			1,049,738		1,012,113
Aggregate market value of quoted investments			454,794		741,187

Note No : 2.11

## Long term loans and advances

(Unsecured, considered good)

Security deposits

6,623,498

6,623,498

6,288,771

6,288,771

Note No : 2.12

## Other non-current assets

(Unsecured, considered good)

Fixed deposits with banks

(Non current portion with original maturity period of more than 12 months)

Pledged with Sales Tax Authorities

Others

10,000

50,000

60,000

10,000

50,000

60,000

Note No : 2.13

## Inventories

(At lower of cost and net realizable value, unless stated otherwise)

Raw Materials

Raw Materials in Transit

Stores &amp; Spares and Chemicals

Stock-in-Process

Plywood

Finished Goods

Finished Goods in Transit

Trading Goods

Trading Goods in transit

149,376,046

57,589,507

17,199,410

45,314,097

121,729,258

6,163,485

64,153,119

10,316,526471,841,448

109,268,781

30,100,083

19,065,068

64,420,792

101,845,280

8,916,957

41,205,146

2,233,164377,055,271



**Notes to Accounts (contd).**

**Note No : 2.14**

**Trade receivables**

	As at 31.03.2012	As at 31.03.2011
(Unsecured, considered good)	₹	₹
Trade receivables outstanding for a period exceeding six months from due date *	15,902,444	11,468,573
Other trade receivables	238,218,744	208,868,320
	<u>254,121,188</u>	<u>220,336,893</u>

\* includes ₹ 8,61,995/- (Previous year ₹ 8,61,995) under litigation.

**Note No : 2.15**

**Cash and bank balances**

Cash and cash equivalents			
Balances with banks			
In current accounts	4,660,912	6,538,592	
Cheques, drafts on hand	4,753,709	12,184,325	
Cash on hand	847,403	787,273	19,510,190
Other bank balances			
Earmarked balances			
Unpaid dividend accounts		383,833	384,633
		<u>10,645,857</u>	<u>19,894,823</u>

**Note No : 2.16**

**Short - term loans and advances**

(Unsecured, considered good)			
Capital advances	5,581,989		-
Security deposits	5,607,480		4,869,980
Other loans and advances			
Advance to suppliers and others	43,178,330		50,305,809
Cenvat, Vat and other taxes / duties	7,878,480		9,467,755
Advance tax (net)	2,120,465		-
MAT credit entitlement	7,702,204		7,702,204
Prepaid expenses	2,277,800		3,026,594
	<u>74,346,748</u>		<u>75,372,342</u>

**Note No : 2.17**

**Other current assets**

Interest accrued and not due	241,305	156,144
Claims receivable	-	700
Taxes and duties refundable	1,939,780	2,210,858
	<u>2,181,085</u>	<u>2,367,702</u>

**Note No : 2.18**

**Revenue from operations**

**Sale of goods (Gross)**

**A. Finished Goods**

i) Plywood	1,376,682,295	1,164,615,669	
ii) Tea	237,676,695	254,097,038	
iii) Veneers	44,580,085	1,658,939,075	38,069,615
			1,456,782,322

**B. Trading Goods**

i) Plywood	133,228,570	110,767,342	
ii) Furniture	13,602,864	17,717,342	
iii) Others	1,865,208	148,696,642	68,081
			128,552,765

**Other operating revenues**

Insurance Claims	467,592	1,939,064	
Subsidies	-	467,592	1,743,996
		<u>1,808,103,309</u>	<u>1,589,018,147</u>

## Notes to Accounts (contd).

	Year Ended 31.03.2012 ₹	Year Ended 31.03.2011 ₹
<b>Note No : 2.19</b>		
<b>Other income</b>		
Interest income (Gross)		
Fixed deposits with banks	7,447	5,493
Income tax refund	-	105,583
Others	<u>199,014</u>	<u>148,909</u>
Dividend income	206,461	259,985
Non-current investment	61,417	59,649
Other non-operating income		
Net gain on foreign currency transactions and translations	-	5,451,196
Rent	6,000	531,000
Unspent liabilities / balances written back	263,168	88,680
Provision for diminution in value of Investments written back	-	9,874
Miscellaneous income	<u>238,622</u>	<u>184,903</u>
	<u>775,668</u>	<u>6,585,287</u>
<b>Note No : 2.20</b>		
<b>Cost of materials consumed</b>		
Timber	314,990,872	284,028,761
Veneer	287,092,783	214,842,791
Planks & Beams	157,890,860	132,189,827
Green Leaf	157,936,070	189,634,072
Others	<u>90,957,814</u>	<u>64,135,874</u>
	<u>1,008,868,399</u>	<u>884,831,325</u>
<b>Note No : 2.21</b>		
<b>Purchases of stock-in-trade</b>		
Plywood	115,853,627	82,689,541
Furniture	7,815,334	11,928,660
Others	<u>1,613,262</u>	-
	<u>125,282,223</u>	<u>94,618,201</u>
<b>Note No : 2.22</b>		
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>A. Finished Goods</b>		
Opening Stock		
i) Plywood	89,631,693	57,618,522
ii) Tea	13,043,540	12,603,441
iii) Veneer	8,087,004	10,258,412
	<u>110,762,237</u>	<u>80,480,375</u>
Closing Stock		
i) Plywood	105,050,268	89,631,693
ii) Tea	8,212,092	13,043,540
iii) Veneer	14,630,383	8,087,004
	<u>127,892,743</u>	<u>110,762,237</u>
	(17,130,506)	(30,281,862)
<b>B. Trading Goods</b>		
Opening Stock:		
i) Plywood	31,644,420	21,755,318
ii) Furniture	11,793,890	13,682,318
	<u>43,438,310</u>	<u>35,437,636</u>
Closing Stock		
i) Plywood	55,693,572	31,644,420
ii) Furniture	9,547,847	11,793,890
	<u>65,241,419</u>	<u>43,438,310</u>
	(21,803,109)	(8,000,674)
<b>C. Stock-in-Process</b>		
Opening Stock		
i) Plywood	64,420,792	68,569,403
Closing Stock		
i) Plywood	<u>45,314,097</u>	<u>19,106,695</u>
	19,106,695	64,420,792
	<u>(19,826,920)</u>	<u>4,148,611</u>
<b>(INCREASE) / DECREASE IN STOCKS</b>		
Less: Excise Duty & Cess on Stocks *	31,703	(34,133,925)
		7,941
<b>NET (INCREASE) / DECREASE IN STOCKS</b>	<u>(19,795,217)</u>	<u>(34,125,984)</u>

\* The amount of Excise Duty & cess shown above represents differential excise duty on opening & closing stock of finished goods.



**Notes to Accounts (contd).**

**Note No : 2.23**

**Employee benefits expense**

Salaries and wages	117,028,149
Contribution to provident and other funds	11,296,306
Staff welfare expense	2,457,924
	<u>130,782,379</u>

Year Ended

31.03.2012

₹

Year Ended

31.03.2011

₹

85,708,667

7,309,639

2,000,193

95,018,499

**Note No : 2.24**

**Finance costs**

**Interest expense**

On long term borrowings	6,880,758
On short term borrowings	26,012,907
On others	<u>5,163,431</u>

7,524,350

16,769,731

38,057,096

3,757,692

28,051,773

**Other borrowing costs**

1,189,675

998,230

39,246,771

29,050,003

**Note No : 2.25**

**Other expenses**

**Consumption of stores and spare parts**

16,916,682

13,445,034

**Consumption of packing materials**

8,879,830

7,868,310

**Chemicals Consumption**

72,795,893

62,078,873

**Power and fuel**

63,599,879

53,639,341

**Repairs**

**Buildings**

11,456,832

7,404,649

**Machinery**

13,654,653

11,767,866

**Others**

6,631,468

31,742,953

5,334,056

24,506,571

**Job Charges**

13,480,321

12,613,426

**Rent**

12,862,034

9,291,023

**Electricity**

1,646,239

1,325,937

**License Fees**

38,622,750

33,600,000

**Rates & Taxes (excluding taxes on income)**

2,313,545

1,182,509

**Watch and Ward Expenses**

1,090,428

481,960

**Insurance**

2,868,121

2,521,406

**Communication Expenses**

5,026,788

4,257,634

**Travelling & Conveyance**

18,986,356

14,708,499

**Vehicle Maintenance**

8,402,818

6,117,511

**Printing & Stationery**

1,589,779

1,565,863

**Legal and Professional Charges**

14,377,875

9,872,567

**Human Resource Development Expenses**

3,265,619

2,378,580

**Miscellaneous Expenses**

1,795,846

1,927,700

**Statutory Auditors' Remuneration**

**Audit Fee**

146,000

106,000

**Tax Audit Fee**

30,000

20,000

**Certification Fee**

63,500

239,500

40,500

166,500

**Charity & Donations**

60,000

1,123,102

**Bank charges**

3,402,444

2,927,728

**Royalty Paid**

800,000

800,000

**Forwarding, Freight, Octroi and Delivery Expenses**

57,915,944

48,661,530

**Sales Tax**

663,081

1,478

**Commission on Sales**

15,207,464

11,444,714

**Brokerage on Sales**

1,062,041

654,446

**Provision for diminution in value of Investments**

37,625

-

**Net loss on foreign currency transactions and translations**

38,469,109

-

**Advertisement, Publicity & Sales Promotion**

36,373,503

41,885,174

**Loss on Sale / Discard of Fixed Assets**

1,570,319

147,049

**Loss on Sale of Non Current Investments**

50,000

-

**Bad Debts & Sundry Balances Written Off**

135,965

1,390,344

**Prior period expenses (Net) \***

184,657

299,395

476,435,408

372,884,204

**\*Details of Prior period expenses :**

**Expenses**

**Rebate & Discounts**

-

73,181

**Power & Fuel**

233,771

133,753

## Notes to Accounts (contd).

	Year Ended 31.03.2012	Year Ended 31.03.2011
	₹	₹
Payment to & Provision for Employees	77,205	26,065
Legal & Professional	10,000	5,000
Travelling & Conveyance	10,597	4,194
Advertisement Publicity & Sales Promotion	50,000	13,600
Packing, forwarding, freight & Delivery Exp	-	20,200
Rent	180,000	-
Vehicles Running & Maintenance	3,032	-
Selling Commission	-	19,972
Interest to Others	-	2,630
Other Expenses	-	800
Total Expenses	564,605	299,395
Income	-	-
Interest Received	379,948	-
Total Income	379,948	-
Prior period expenses (Net)	184,657	299,395
	As at 31.03.2012	As at 31.03.2011
	₹	₹

## Note No. : 2.26

- Estimated amount of contract remaining to be executed not provided for 5,464,406 505,877
- Contingent Liabilities not provided for in respect of :
  - Uncalled Capital against partly paid-up shares held as investment 8,000 8,000
  - Guarantees furnished by Company's Bankers on behalf of the Company 465,845 465,845
  - Demand raised by Govt. authorities in respect of Taxes and Duties and contested by the Company 37,640,576 30,001,270
- The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2012 as micro or small or medium enterprises. Consequently the amount due to micro and small enterprises as per section 22 of the abovesaid Act is Rs. Nil (Previous year Rs. Nil).

## 4. Segment information as per Accounting Standard - 17 on 'Segment Reporting' :

The Company has identified two business segments viz. Plywood and Tea. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure & internal business reporting system.

a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment Assets and Segment Liabilities represent assets and liabilities of respective segments. Investments, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

## c) Information about Primary Business Segment

	Plywood	Tea	Others	Unallocated	Total
	₹	₹	₹	₹	₹
Segment Revenue	1,432,598,526	236,828,885	15,264,616	-	1,684,692,027
	(1,207,947,663)	(254,832,136)	(17,905,130)	-	(1,480,684,929)
Segment Results	-53,240,258	14,889,267	-6,618,963	-	-44,969,954
	(62,574,487)	(8,172,716)	(-79,90,931)	-	(62,756,272)
Less : Finance Cost					38,057,096
					(29,050,003)
Other unallocable expenditure net of unallocable income					7,800,565
					(5,449,903)
Total Profit / (Loss) before tax					-90,827,615
					(28,256,366)



Note No. : 2.26 (contd.)

	Plywood ₹	Tea ₹	Others ₹	Unallocated ₹	Total ₹
Other Information					
Segment Assets	882,967,771 (749,300,796)	66,427,510 (78,215,984)	17,774,899 (22,159,532)	116,729,328 (113,895,094)	1,083,899,508 (963,571,406)
Segment Liabilities	497,116,759 (310,307,636)	12,961,078 (19,535,187)	784,849 (3,744,721)	294,957,666 (304,017,475)	805,820,352 (637,605,019)
Capital Expenditure	19,342,655 (15,050,181)	840,441 (3,997,142)	1,650 (-)	- (-)	20,184,746 (19,047,323)
Depreciation & Amortisation	11,298,950 (10,567,485)	4,082,381 (6,123,522)	94,016 (258,438)	- (-)	15,475,347 (16,949,445)
Non-cash expense other than depreciation & amortisation	627,037 (1,304,237)	15,622 (-2,573)	- (-)	37,625 (-9,874)	680,284 (1,291,790)

Notes :

- a) There are no transactions between segments. Common costs are apportioned on a reasonable basis.  
b) Since the company's activities / operations are primarily within the country, there is only one geographical segment.  
c) Figures in the brackets pertain to previous year.

	Year Ended 31.03.2012 ₹	Year Ended 31.03.2011 ₹
5. In calculating Earnings per share		
a) Numerator used :		
Profit / (Loss) after tax	(56,876,988)	26,230,733
b) Denominator used in computing Basic Earning per Share:		
Weighted Average Number of Equity Shares	4,149,442	4,082,885
c) Denominator used in computing Diluted Earning per Share:		
Weighted Average Number of Equity Shares including potential Equity Shares	4,406,164	4,082,885
d) Nominal value of equity shares (Rs.)	10.00	10.00
e) Basic Earnings per share (a/b) (Rs.)	(13.71)	6.42
f) Diluted Earnings per share (a/c) (Rs.)	(12.91)	6.42

**6. Related Party Disclosures**

Particulars of transactions during the year ended 31<sup>st</sup> March 2012

Nature of Transactions	Associates	Key Management Personnel	Total
	₹	₹	₹
Directors Remuneration	-	5,570,496	5,570,496
Sales	54,447	(4,327,968)	54,447
Rent Received	(1,380,352)	(-)	(1,380,352)
Rent Paid	6,000	(-)	6,000
Licence fee Paid	(6,000)	(-)	(6,000)
Interest Paid	252,000	(-)	252,000
Allotment of Convertible Warrants	(132,000)	(-)	(132,000)
Allotment of Equity Shares (Amount paid upon exercise of option)	38,400,000	-	38,400,000
Loan Received	(33,600,000)	(-)	(33,600,000)
Guarantees Obtained	204,658	(-)	204,658
Outstanding against Guarantees Obtained	(-)	(-)	(-)
Balance Outstanding at the Balance Sheet Date	3,758,400	(-)	3,758,400
	(-)	(-)	(-)
	5,443,200	-	5,443,200
	(-)	(-)	(-)
	2,500,000	(-)	2,500,000
	(-)	(-)	(-)
	-	156,700,000	156,700,000
	(-)	(136,900,000)	(136,900,000)
	-	511,871,212	511,871,212
	(-)	(428,758,406)	(428,758,406)
	8,90,192Cr	-	8,90,192Cr
	(18,00,000 Dr)	(-)	(18,00,000 Dr)



## Notes to Accounts (contd).

Note No. : 2.26 (contd.)

Notes:

- Figures in the brackets pertain to previous year.
- The Company has neither written off nor written back any amount recoverable / payable from / to any related party during the year.
- The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

	Year Ended 31.03.2012 ₹	Year Ended 31.03.2011 ₹
<b>Disclosure of Material Transactions with Related Parties</b>		
<b>Directors Remuneration</b>		
Shri Sudeep Chitlangia	3,074,311	2,311,871
Shri Sohan Lal Yadav	2,496,185	2,016,097
<b>Sales</b>		
Purma Timber Products Ltd.	-	1,328,834
Madhya Bharat Papers Ltd.	54,447	37,466
<b>Rent Received</b>		
Madhya Bharat Papers Ltd.	6,000	6,000
<b>License Fee Paid</b>		
P.S Plywood Products Private Ltd.	38,400,000	33,600,000
<b>Rent Paid</b>		
Calcutta Technicians & Advisers Ltd.	240,000	120,000
Madhya Bharat Papers Ltd.	12,000	12,000
<b>Interest Paid</b>		
Abhinandan Fintex Pvt. Ltd.	204,658	-
<b>Allotment of Convertible Warrants</b>		
Abhinandan Fintex Pvt. Ltd.	3,758,400	-
<b>Allotment of Equity Shares (Amount paid upon exercise of option)</b>		
Abhinandan Fintex Pvt. Ltd.	5,443,200	-
<b>Loan Received</b>		
Abhinandan Fintex Pvt. Ltd.	2,500,000	-
<b>Guarantees Obtained</b>		
Sudeep Chitlangia	156,700,000	136,900,000
<b>Outstanding against Guarantees Obtained</b>		
Sudeep Chitlangia	511,871,212	428,758,406
<b>Net Balance Receivable/(Payable)</b>		
Abhinandan Fintex Pvt. Ltd.	(2,684,192)	-
Calcutta Technicians & Advisers Ltd.	1,800,000	1,800,000
Madhya Bharat Papers Ltd.	(6,000)	-
<b>Names of related parties &amp; description of relationship</b>		
Associates :	Abhinandan Fintex Pvt. Ltd. Calcutta Technicians & Advisers Ltd. Madhya Bharat Papers Ltd. P S Plywood Products Pvt. Ltd. Purma Timber Products Ltd.	

Key Management Personnel : Shri Sudeep Chitlangia  
Shri Sohan Lal Yadav

- Disclosure under clause 32 of the Listing Agreement:  
There are no transactions (except related party transactions) which are required to be disclosed under Clause 32 of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed.
- Disclosure pursuant to AS-29 on Provisions, Contingent Liabilities and Contingent Assets :
  - No provisions for liabilities was made during the year and no provision was outstanding at the beginning and at the end of the year.
  - The Contingent liabilities mentioned at Sl No.1 are dependent upon Court decision / out of court settlement / disposal of appeals etc.
- Disclosure pursuant to AS - 15 (revised 2005) on "Employee Benefits"

**Defined Contribution Plan:**

Employee benefits in the form of Provident Fund, Pension Scheme and Superannuation Fund are considered as defined contribution plan and the contributions are made in accordance with the relevant statute and are recognized as an expense when employees have rendered service entitling them to the contributions. The contribution to defined contribution plan, recognized as expense for the year are as under:

	2011-12 ₹	2010-11 ₹
Employers' Contribution to Provident Fund & Pension Fund	6,446,728	4,821,927
Employers' Contribution to Superannuation Fund	887,965	733,052

**Note No. : 2.26 (contd.)**
**Defined Benefit Plan:**

Post employment and other long-term employee benefits in the form of gratuity, sick leave and earned leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognized in the balance sheet represent the present value of the obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount recognized in the profit and loss account in respect of Employees Benefit Schemes based on actuarial reports is as follows:

	2011-12			2010-11		
	Gratuity (Funded)	Sick Leave (Unfunded)	Earned Leave Encashment (Unfunded)	Gratuity (Funded)	Sick Leave (Unfunded)	Earned Leave Encashment (Unfunded)
<b>I. Components of Employer Expense:</b>						
1 Current Service Cost	₹ 1,235,213	₹ 71,261	₹ 657,161	₹ 991,858	₹ 47,116	₹ 728,991
2 Past Service Cost	-	-	-	-	-	-
3 Interest Cost	1,034,592	19,412	256,423	953,352	15,194	209,149
4 Expected Return on Plan Asset	1,258,473	-	-	1,032,653	-	-
5 Curtailment Cost	-	-	-	-	-	-
6 Settlement Cost	-	-	-	-	-	-
7 Actuarial gain / (loss) recognized in the year	(2,368,811)	(22,338)	(1,120,337)	(394,493)	12,686	(580,923)
8 Net Expense Recognised in Statement of Profit & Loss Account	3,380,144	113,012	2,033,922	1,307,051	49,624	1,519,063
<b>II. Change in Present Value of Defined Benefit Obligation:</b>						
1 Present Value of Defined Benefit Obligation at the Beginning of the year	13,306,624	228,378	3,618,021	11,593,225	178,754	2,822,206
2 Acquisition Adjustment	-	-	-	-	-	-
3 Interest Cost	1,034,592	19,412	256,423	953,352	15,194	209,149
4 Past Service Cost	-	-	-	-	-	-
5 Current Service Cost	1,235,213	71,261	657,161	991,858	47,116	728,991
6 Curtailment Cost	-	-	-	-	-	-
7 Settlement Cost	-	-	-	-	-	-
8 Benefits Paid	2,269,903	-	1,202,539	754,626	-	723,248
9 Actuarial Gain (Losses)	(2,441,840)	(22,338)	(1,120,337)	(522,813)	12,686	(580,923)
10 Present Value of Obligation at the End of the year	15,748,366	341,390	4,449,404	13,306,624	228,378	3,618,021
<b>III. Change in Fair Value of Plan Assets</b>						
1 Plan Assets at the Beginning of the year	14,805,559	NA	NA	12,148,868	NA	NA
2 Acquisition Adjustment	0	NA	NA	-	NA	NA
3 Settlement	0	NA	NA	-	NA	NA
4 Expected Return on Plan Assets	1,258,473	NA	NA	1,032,654	NA	NA
5 Actual Company Contribution	1,198,558	NA	NA	2,250,343	NA	NA
6 Actual Benefits Paid	2,269,903	NA	NA	754,626	NA	NA
7 Actuarial Gains/(Losses)	73,028	NA	NA	128,320	NA	NA
8 Plan Assets at the End of the year	15,065,715	NA	NA	14,805,559	NA	NA
<b>IV. Net Asset/(Liability) recognized in the Balance Sheet</b>						
1 Present value of Defined Benefit Obligation	15,748,366	341,390	4,449,404	13,306,624	228,378	3,618,021
2 Fair Value on Plan Assets	15,065,715	NA	NA	14,805,559	NA	NA
3 Funded Status (Surplus/(deficit))	(682,651)	NA	NA	1,498,935	NA	NA
4 Unrecognised past service cost	-	-	-	-	-	-
5 Net Asset/(Liability) recognized in Balance Sheet	(682,651)	(341,390)	(4,449,404)	1,498,935	(228,378)	(3,618,021)
<b>V. Actuarial Assumptions</b>						
1 Discount Rate (per annum)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
2 Expected rate of return on plan assets (per annum)	8.50%	NA	NA	8.50%	NA	NA
3 Salary Increases	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
4 Retirement/ Superannuation Age	60	60	60	60	60	60
5 Mortality	LICI 1994-96	LICI 1994-96	LICI 1994-96	LICI 1994-96	LICI 1994-96	LICI 1994-96
<b>VI. Major Category of Plan Assets as a % of the Total Plan Assets</b>						
Administered by Life Insurance Corporation of India	100%	NA	NA	100%	NA	NA
<b>VII. Expected Employer's Contribution for the next year</b>						
Expected Employer's Contribution for the next year	3,500,000	NA	NA	1,400,000	NA	NA

**Notes to Accounts (contd).**

Note No. : 2.26 (contd.)

**VIII. Basis used to determine the Expected Rate of Return on Plan Assets:**

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

**IX. Basis of estimates of rate of escalation in salary**

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

X Disclosure related to previous years	2009-10			2008-09		
1 Present value of Defined Benefit Obligation	11,593,225	178,754	2,822,206	10,220,373	184,307	2,501,435
2 Fair Value on Plan Assets	12,148,868	NA	NA	10,453,109	NA	NA
3 Funded Status (Surplus/(deficit))	555,643	NA	NA	232,736	NA	NA
	2007-08					
1 Present value of Defined Benefit Obligation	7,878,375	88,101	2,082,635			
2 Fair Value on Plan Assets	8,621,378	NA	NA			
3 Funded Status (Surplus/(deficit))	743,033	NA	NA			

**XI Other disclosures**

The Gratuity Expenses have been recognized in "Contribution to Provident, Pension & Other Funds" and provision for Sick Leave and Earned Leave Encashment in "Salaries and Wages" under Note No.2.23.

	Year Ended 31.03.2012		Year Ended 31.03.2011	
	₹		₹	
10. Value of Imports on C.I.F. basis				
Raw Materials	441,197,896		398,823,012	
Trading Goods	53,336,360		8,481,549	
Machinery & Spares	5,008,085		-	
11. Expenditure in Foreign Currency				
Travelling	2,282,098		1,660,287	
Interest	1,685,338		1,910,716	
Others	84,956		124,142	
12. Value of Stores & Spare Parts and Chemicals				
Indigeneous	90.95%	81,594,079	75.14%	56,748,989
Imported	9.05%	8,118,496	24.86%	18,774,918
	<u>100.00%</u>	<u>89,712,575</u>	<u>100.00%</u>	<u>75,523,907</u>

13. Previous year's figure have been rearranged/ regrouped wherever necessary to conform to current year's presentation as required by the Revised Schedule VI to the Companies Act, 1956.

As per our report of even date attached

On behalf of the Board

For G.P. AGRAWAL &amp; CO.

Chartered Accountants

(F.R. NO. 302082E)

CA. RAKESH KUMAR SINGH

(Membership No. 66421)

Partner

Kolkata : 29th May, 2012

SUJIT CHAKRAVORTI

Director

B.L.MUNDHRA

Chief Financial Officer &amp;

Company Secretary

SUDEEP CHITLANGIA

Managing Director

Notes :

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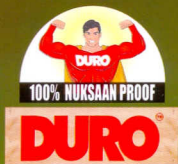


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