



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

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

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 55th Annual General Meeting of SARDA PLYWOOD INDUSTRIES LIMITED will be held at The Far Pavilion, Tollygunge Club Limited, 120, Deshapran Sasnal Road, Kolkata - 700 033 on Friday, the 28th 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 31st 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 1st April 2012 to 31st 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, Wholetime 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
29th 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 21st September 2012 to 28th 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 28th September 2012 and 20th 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 st December 1932 | 13 th September 1943 |
| Date of appointment | 28 th June 1976 | 27 th 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) Soman 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) Soman 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 1st 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
29th 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 th June 1957. Bought Leaf Tea Processing Factory commenced commercial production with effect from 19 th 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 :

| 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

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.

₹ 24.96 Lacs.

Nil.

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 Wholetime Director.

As set out in the Notice to the Members.

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.

Other than remuneration paid/ payable, Shri Sohan Lal Yadav, Wholetime Director has no pecuniary relationship directly or indirectly with the Company.

II Information about the Appointees

1 Background details

2 Past remuneration (2011-12)

3 Recognition or awards.

4 Job profile and his suitability

5 Remuneration proposed.

6 Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

7 Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

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 Wholetime Director.



Directors' Report to the Members

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

| | (₹ in lacs) | |
|----------------------------------|-----------------------------|-----------------------------|
| | 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 31st 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 6th 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)(e) 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 31st 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 31st 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 : 29th May, 2012

SAMARES KUMAR CHANDA
Chairman

ANNEXURE - I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.

Information under Section 217(1)(e) 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

Total cost

Rate

SCUM

₹

₹/SCUM

1130429

9616990

8.51

1238125

10954384

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 : 29th 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 31st 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 31st March 2011

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

c) Attendance at Board Meetings and at the last AGM

| Name of Director | Category of Directorship | Number of Board Meetings Held Attended | | 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 6th August 2011.

** Shri Probir Roy was appointed as Additional Director on 9th 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 31st March 2012

During the year under review, four Audit Committee Meetings were held on 9th May 2011, 10th August 2011, 10th November 2011 and 8th 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 10th November 2011.

Appointed as a member from 10th 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 31st 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 1st April 2011 to 31st March 2014.
(ii) Appointment of Shri Sohan Lal Yadav was for the period 1st April 2009 to 31st March 2012 and he has been re-appointed as Wholetime Director for the period 1st April 2012 to 31st 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 31st March 2012

During the year under review, five Shareholders' / Investors' Grievance Committee Meetings were held on 4th July 2011, 20th October 2011, 7th December 2011, 3rd February 2012 and 13th 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 31st 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 22nd September 2009 and 23rd September 2011. Two special resolutions were passed in the Annual General Meeting held on 29th September 2010.
- An Extra-ordinary General Meeting was held on 17th 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.



- 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.
- c) No presentations were made to institutional investors or analysts.

9. GENERAL SHAREHOLDER INFORMATION

- I. Annual General Meeting
 - Date and Time : 28th 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 : 21st September 2012 to 28th 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 Chittangia, 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 31st 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 |
| TOTAL | 6862 | 100.00 | 4292885 | 100.00 |

X. Categories of Shareholding as on 31st 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 |
| Total | 4292885 | 100.00 |

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 31st 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 locations1. Tea Unit

P.O. Jeypore - 786614
Dist. Dibrugarh, Assam

2. Plywood Units

- (a) P.O. Jeypore - 786614
Dist. Dibrugarh, Assam
- (b) Rajkot Gondal Highway
Shapar - 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 : mdpl@cal.vsnl.net.in

XV. E-mail id for investor grievances

: investors@sardaplywood.com

For and on behalf of the Board

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

SAMARES KUMAR CHANDA
Chairman

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

We have examined the compliance of conditions of Corporate Governance by Sarda Plywood Industries Limited for the year ended 31st 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 31st 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 29th 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 31st March 2012.

Kolkata
29th May 2012

[Sudeep Chitlangia]
Managing Director

Auditors' Report to the Members

1. We have audited the attached Balance Sheet of SARDA PLYWOOD INDUSTRIES LIMITED as at 31st 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 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st 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 31st 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 GP. AGRAWAL & CO.
 Chartered Accountants
 (F. R. No. 302082E)

7A, Kiran Shaukar Ray Road
 Kolkata - 700 001

The 29th 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 SARDA PLYWOOD INDUSTRIES LIMITED on the accounts for the year ended 31st 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 31st 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 Central Excise |
| 9. | Central Excise Act, 1994 | Excise Duty | 78,39,306 | April 10 to Sept'10 | Asst. Commissioner of Central 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 statute 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 G.P. AGRAWAL & CO.
Chartered Accountants
(F. R. No. 302082E)

7A, Kiran Shankar Ray Road
Kolkata - 700 001

The 29th 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 | |
|---|------------|---------------------|----------------------|---------------------|--------------------|
| | | ₹ | ₹ | ₹ | ₹ |
| I. EQUITY AND LIABILITIES | | | | | |
| (1) Shareholders' funds | | | | | |
| (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 | | 1,944,000 | 278,079,155 | - | 325,966,387 |
| (2) Non - current liabilities | | | | | |
| (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 | 4,240,853 | 44,567,670 | 3,198,874 | 67,219,274 |
| (3) Current liabilities | | | | | |
| (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 | 42,868,904 | | 39,422,533 | |
| (d) Short - term provisions | 2.8 | 1,257,977 | 761,252,681 | 1,172,481 | 570,385,745 |
| TOTAL | | | <u>1,083,899,506</u> | | <u>963,571,406</u> |
| II. ASSETS | | | | | |
| (1) Non - current assets | | | | | |
| (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 | | 177,714 | | 4,141,736 | |
| | | <u>157,798,162</u> | | <u>156,544,191</u> | |
| (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 | 60,000 | 270,763,180 | 60,000 | 268,544,375 |
| (2) Current assets | | | | | |
| (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 | 2,181,085 | 813,136,326 | 2,367,702 | 695,027,031 |
| TOTAL | | | <u>1,083,899,506</u> | | <u>963,571,406</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 & 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 &
Company Secretary

SUDEEP CHITLANGIA
Managing Director

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

| | Note | Year Ended 31.03.2012 | Year Ended 31.03.2011 |
|---|------|--------------------------|--------------------------|
| | No | ₹ | ₹ |
| L. Revenue from operations | 2.18 | | |
| Sale of goods (Gross) | | 1,807,635,717 | 1,585,335,087 |
| Less: Excise duty | | <u>123,411,282</u> | <u>108,333,219</u> |
| Net sale of goods | | 1,684,224,435 | 1,477,001,868 |
| Other operating Income | | 467,592 | 3,683,060 |
| Total Revenue from Operations | | 1,684,692,027 | 1,480,684,928 |
| II. Other income | 2.19 | | |
| | | 775,668 | 6,585,287 |
| III. Total revenue (I+II) | | 1,685,467,695 | 1,487,270,215 |
| IV. Expenses: | | | |
| 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 | <u>476,435,408</u> | <u>372,884,204</u> |
| Total expenses | | 1,776,295,310 | 1,459,013,849 |
| V. Profit/ (loss) before tax (III - IV) | | (90,827,615) | 28,256,366 |
| VI. Tax expense : | | | |
| Current tax | | - | 5,620,000 |
| Less: MAT credit entitlement | | <u>-</u> | <u>4,382,176</u> |
| Net current tax | | - | 1,237,824 |
| Deferred tax | | (33,976,712) | 763,069 |
| Income tax provision for earlier years | | 26,085 | 24,740 |
| Profit/ (Loss) for the year (V - VI) | | (56,876,988) | 26,230,733 |
| Earnings per equity share of Rs. 10/- each | | 1 | 2 |
| Basic | | (13.71) | 6.42 |
| Diluted | | (12.91) | 6.42 |

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)

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



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

| | For the year ended 31.03.2012 | For the year ended 31.03.2011 |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| 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) |
| Operating Profit/(Loss) before Working Capital Changes | (34,715,431) | 73,861,511 |
| 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) |
| Cash generated from Operating activities | 51,674,608 | (82,646,077) |
| Direct Taxes Paid / Refund | (2,646,121) | (6,028,684) |
| Net Cash Flow from/(used in) Operating Activities | 14,313,056 | (14,813,250) |
| B. Cash Flow from Investing Activities | | |
| 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 |
| Net Cash flow from/(used in) Investing activities | 1,671,236 | (18,235,599) |
| C. Cash Flow from Financing Activities | | |
| 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) |
| Net Cash Flow from/(Used in) Financing Activities | (25,232,458) | 33,137,931 |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | (9,248,166) | 89,082 |
| 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.

Chartered Accountants

(F.R. NO. 302082E)

On behalf of the Board

SUJIT CHAKRAVORTI
Director

CA. RAKESH KUMAR SINGH

(Membership No. 66421)

Partner

Kolkata : 29th May, 2012

B.L.MUNDHRA
*Chief Financial Officer &
Company Secretary*

SUDEEP CHITLANGIA
Managing Director

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) Authorised: | | ₹ | | ₹ |
| Equity shares of ₹10/- each | 25,000,000 | 250,000,000 | 25,000,000 | 250,000,000 |
| (b) Issued: | | | | |
| Equity shares of ₹ 10/- each | 4,472,810 | 44,728,100 | 4,262,810 | 42,628,100 |
| (c) Subscribed and fully paid up: | | | | |
| 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 |
| | | 42,956,975 | | 40,856,975 |

(d) Reconciliation of number and amount of equity shares outstanding at the beginning and at the end of the reporting period:

| | | | | |
|--|-----------|------------|-----------|------------|
| 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) Shareholders holding more than 5 % of the equity shares in the Company :

| Name of Shareholder | As at 31.03.2012 | | As at 31.03.2011 | |
|--------------------------------|--------------------|--------------|--------------------|--------------|
| | No. of shares held | % of holding | No. of shares held | % of holding |
| 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 |
| TOTAL | 1956521 | 45.58 | 1956315 | 47.92 |

Note No : 2.2

Reserves and surplus

(a) Capital reserves

| | | |
|-----------------------------|-----------|--|
| Balance as per last account | 9,142,491 | |
|-----------------------------|-----------|--|

(b) Securities premium account

| | | |
|--------------------------------|------------|------------|
| Balance as per last account | 58,890,400 | 58,890,400 |
| Add:- Received during the year | 5,157,600 | - |

(c) Revaluation reserve

| | | |
|-----------------------------|-----------|-----------|
| Balance as per last account | 3,572,086 | 3,783,930 |
| Less: Depreciation | 211,844 | 211,844 |

(d) General reserve *

| | | |
|-----------------------------|-------------|-------------|
| Balance as per last account | 124,485,632 | 124,485,632 |
|-----------------------------|-------------|-------------|

(e) Surplus

| | | |
|--|--------------|------------|
| 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 | 32,141,815 | 89,018,803 |

233,178,180

285,109,412

* 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 ₹ |
|--------------------------------|--------------------------|--------------------------|
| Note No : 2.3 | | |
| Long-term borrowings | | |
| Term Loans | | |
| 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 | <u>3,298,264</u> | <u>749,638</u> |
| | <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 | <u>30,324,444</u> | <u>274,212</u> |
| | <u>32,015,739</u> | <u>274,212</u> |

Deferred tax liabilities/(Assets) (Net) *

| | |
|---------------------|-------------------|
| <u>(20,717,732)</u> | <u>13,258,980</u> |
|---------------------|-------------------|

* 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>132,874,917</u> |

Unsecured

| | | |
|--------------------------------|--------------------|--------------------|
| From entities Other than banks | 32,500,000 | 11,000,000 |
| | <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.



| | As at 31.03.2012 | As at 31.03.2011 |
|--|---------------------|---------------------|
| Note No : 2.7 | ₹ | ₹ |
| Other current liabilities | | |
| 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 |
| Other payables | | |
| 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 | 30,654,883 |
| | 42,868,904 | 634,008 |
| | | 29,244,541 |
| | | 39,422,533 |

* 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) | 1,257,977 | 499,571 |
| | | 1,172,481 |

Note No : 2.9

FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|------------------------------|--------------------------|----------------|-------------------|--------------------------|-------------------------|----------------------|---------------------------|-------------------------|--------------------------|--------------------------|
| | As at 01.04.2011 ₹ | Additions ₹ | Subtractions ₹ | As at 31.03.2012 ₹ | Upto 31.03.2011 ₹ | For the Year ₹ | Sales/ Adjustment ₹ | Upto 31.03.2012 ₹ | As at 31.03.2012 ₹ | As at 31.03.2011 ₹ |
| TANGIBLE ASSETS | | | | | | | | | | |
| Freehold Land | 3,165,248 | | | 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 | 48,531,034 |
| Plant & Machinery | 202,133,430 | 12,658,649 | 4,496,488 | 210,295,591 | 121,030,457 | 10,109,430 | 4,198,246 | 126,941,541 | 83,353,950 | 81,102,973 |
| Motor Vehicles | 17,304,078 | 4,928,659 | 3,684,196 | 18,648,541 | 9,326,141 | 1,236,666 | 1,472,838 | 9,089,909 | 9,458,632 | 7,977,937 |
| 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 | 2,866,011 |
| Office Equipment & Computer | 22,310,262 | 1,569,816 | 4,301,017 | 19,579,061 | 15,182,259 | 1,325,787 | 3,831,890 | 12,676,156 | 6,902,905 | 7,128,003 |
| Sub-total | 332,096,453 | 20,162,793 | 13,890,859 | 338,388,387 | 181,325,247 | 15,230,638 | 10,821,969 | 185,733,916 | 152,634,471 | 150,771,206 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| Computer Software (Acquired) | 2,094,017 | 3,811,281 | | 5,905,298 | 462,768 | 456,553 | | 919,321 | 4,985,977 | 1,631,249 |
| Sub-total | 2,094,017 | 3,811,281 | | 5,905,298 | 462,768 | 456,553 | | 919,321 | 4,985,977 | 1,631,249 |
| Capital Work-in-Progress | | | | | | | | | 177,714 | 4,141,736 |
| Total | 334,190,470 | 23,974,074 | 13,890,659 | 344,273,655 | 181,788,015 | 15,687,191 | 10,821,969 | 186,653,237 | 157,798,162 | 156,544,191 |
| 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 :

a) Land, Building and Plant & Machinery were revalued on 30th 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.

b) 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

| | Face value | Number of Shares/units | As at 31.03.2012 | Number of Shares/units | As at 31.03.2011 |
|--|------------|------------------------|--------------------|------------------------|--------------------|
| 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. | 10 | 5,950,000 | 80,508,750 | 5,950,000 | 80,508,750 |
| Other Companies | | | | | |
| Orissa Tea Plantations Ltd. | 10 | 100 | - | 100 | - |
| The Albion Plywood Ltd. | 10 | 300 | - | 300 | - |
| | | | <u>80,508,750</u> | | <u>80,508,750</u> |
| Other investments (At cost less provision for other than temporary diminution) | | | | | |
| a) Quoted, Fully paid up | | | | | |
| 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> |
| b) Unquoted, | | | | | |
| i) Fully paid up | | | | | |
| Pro Sports Management Ltd. | 1,000 | 100 | - | 100 | - |
| Pousali Sales Pvt. Ltd. | 10 | 485,000 | 4,885,935 | 2,485,000 | 24,935,935 |
| ii) Partly paid up (Rs.60/- called and paid up) | | | | | |
| 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 | | | <u>169,103</u> | | <u>206,728</u> |
| Aggregate amount of unquoted investments | | | <u>85,394,685</u> | | <u>105,444,685</u> |
| Aggregate provision for diminution in value of investments | | | <u>1,049,738</u> | | <u>1,012,113</u> |
| Aggregate market value of quoted investments | | | <u>454,794</u> | | <u>741,187</u> |
| Note No : 2.11 | | | | | |
| Long term loans and advances | | | | | |
| (Unsecured, considered good) | | | | | |
| Security deposits | | | <u>6,623,498</u> | | <u>6,288,771</u> |
| | | | <u>6,623,498</u> | | <u>6,288,771</u> |
| Note No : 2.12 | | | | | |
| Other non-current assets | | | | | |
| (Unsecured, considered good) | | | | | |
| Fixe I deposits with banks | | | | | |
| (Non current portion with original maturity period of more than 12 months) | | | | | |
| Pledged with Sales Tax Authorities | | | <u>10,000</u> | | <u>10,000</u> |
| Others | | | <u>50,000</u> | | <u>50,000</u> |
| | | | <u>60,000</u> | | <u>60,000</u> |
| Note No : 2.13 | | | | | |
| Inventories | | | | | |
| (At lower of cost and net realizable value, unless stated otherwise) | | | | | |
| Raw Materials | | | <u>149,376,046</u> | | <u>109,268,781</u> |
| Raw Materials in Transit | | | <u>57,589,507</u> | | <u>30,100,083</u> |
| Stores & Spares and Chemicals | | | <u>17,199,410</u> | | <u>19,065,068</u> |
| Stock-in-Process | | | | | |
| Plywood | | | <u>45,314,097</u> | | <u>64,420,792</u> |
| Finished Goods | | | <u>121,729,258</u> | | <u>101,845,280</u> |
| Finished Goods in Transit | | | <u>6,163,485</u> | | <u>8,916,957</u> |
| Trading Goods | | | <u>64,153,119</u> | | <u>41,205,146</u> |
| Trading Goods in transit | | | <u>10,316,526</u> | | <u>2,233,164</u> |
| | | | <u>471,841,448</u> | | <u>377,055,271</u> |



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 |
| | 254,121,188 | 220,336,893 |

* 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 | <u>847,403</u> | <u>10,262,024</u> | <u>787,273</u> |
| Other bank balances | | | |
| Earmarked balances | | | |
| Unpaid dividend accounts | 383,833 | 384,633 | |
| | 10,645,857 | | 19,894,823 |

Note No : 2.16

Short - term loans and advances

| (Unsecured, considered good) | | | |
|--------------------------------------|-------------------|------------|-------------------|
| Capital advances | 5,581,989 | | |
| Security deposits | 5,607,480 | | |
| 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 | |
| | 74,346,748 | | 75,372,342 |

Note No : 2.17

Other current assets

| Interest accrued and not due | 241,305 | 156,144 |
|------------------------------|------------------|------------------|
| Claims receivable | - | 700 |
| Taxes and duties refundable | <u>1,939,780</u> | <u>2,210,858</u> |
| | 2,181,085 | 2,367,702 |
| Year Ended 31.03.2012 | | |

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 | <u>44,580,085</u> | <u>38,069,615</u> | <u>1,456,782,322</u> |
| B. Trading Goods | | | |
| i) Plywood | 133,228,570 | 110,767,342 | |
| ii) Furniture | 13,602,864 | 17,717,342 | |
| iii) Others | <u>1,865,208</u> | <u>68,081</u> | <u>128,552,765</u> |
| Other operating revenues | | | |
| Insurance Claims | 467,592 | 1,939,064 | |
| Subsidies | - | <u>467,592</u> | <u>1,743,996</u> |
| | 1,808,103,309 | | 3,683,060 |
| Year Ended 31.03.2011 | | | 1,589,018,147 |

Notes to Accounts (contd).

| | Year Ended 31.03.2012 ₹ | Year Ended 31.03.2011 ₹ |
|--|-------------------------------|-------------------------------|
| Note No : 2.19 | | |
| Other income | | |
| 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 | | |
| Non-current investment | 61,417 | 59,649 |
| Other non-operating income | | |
| Net gain on foreign currency transactions and translations | | |
| Rent | 6,000 | 531,000 |
| Unspent liabilities / balances written back | 263,168 | 88,680 |
| Provision for diminution in value of Investments written back | | |
| Miscellaneous income | 238,622 | 9,874 |
| | <u>775,668</u> | <u>184,903</u> |
| | <u>775,668</u> | <u>6,585,287</u> |
| Note No : 2.20 | | |
| Cost of materials consumed | | |
| 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> |
| Note No : 2.21 | | |
| Purchases of stock-in-trade | | |
| 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> |
| Note No : 2.22 | | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| A. Finished Goods | | |
| 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 |
| Closing Stock | <u>110,762,237</u> | <u>80,480,375</u> |
| 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>(17,130,506)</u> |
| | <u>127,892,743</u> | <u>110,762,237</u> |
| | | (30,281,862) |
| B. Trading Goods | | |
| Opening Stock: | | |
| i) Plywood | 31,644,420 | 21,755,318 |
| ii) Furniture | 11,793,890 | 13,682,318 |
| Closing Stock | <u>43,438,310</u> | <u>35,437,636</u> |
| i) Plywood | 55,693,572 | 31,644,420 |
| ii) Furniture | 9,547,847 | 11,793,890 |
| | <u>65,241,419</u> | <u>(21,803,109)</u> |
| | <u>65,241,419</u> | <u>43,438,310</u> |
| | | (8,000,674) |
| C. Stock-in-Process | | |
| Opening Stock | | |
| i) Plywood | 64,420,792 | 68,569,403 |
| Closing Stock | | |
| i) Plywood | <u>45,314,097</u> | <u>19,106,695</u> |
| | <u>45,314,097</u> | <u>64,420,792</u> |
| | <u>45,314,097</u> | <u>4,148,611</u> |
| (INCREASE) / DECREASE IN STOCKS | <u>(19,826,920)</u> | <u>(34,133,925)</u> |
| Less: Excise Duty & Cess on Stocks * | 31,703 | 7,941 |
| NET (INCREASE) / DECREASE IN STOCKS | <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.)

| | Year Ended 31.03.2012 ₹ | Year Ended 31.03.2011 ₹ |
|--|-------------------------------|-------------------------------|
| Note No : 2.23 | | |
| Employee benefits expense | | |
| Salaries and wages | 117,028,149 | 85,708,667 |
| Contribution to provident and other funds | 11,296,306 | 7,309,639 |
| Staff welfare expense | 2,457,924 | 2,000,193 |
| | <u>130,782,379</u> | <u>95,018,499</u> |
| Note No : 2.24 | | |
| Finance costs | | |
| Interest expense | | |
| On long term borrowings | 6,880,758 | 7,524,350 |
| On short term borrowings | 26,012,907 | 16,769,731 |
| On others | 5,163,431 | 3,757,692 |
| Other borrowing costs | | |
| | <u>1,189,675</u> | <u>998,230</u> |
| | <u>39,246,771</u> | <u>29,050,003</u> |
| 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 | 5,334,056 |
| Job Charges | | |
| Rent | 13,480,321 | 12,613,426 |
| Electricity | 12,862,034 | 9,291,023 |
| License Fees | 1,646,239 | 1,325,937 |
| Rates & Taxes (excluding taxes on income) | 38,622,750 | 33,600,000 |
| Watch and Ward Expenses | 2,313,545 | 1,182,509 |
| Insurance | 1,090,428 | 481,960 |
| Communication Expenses | 2,868,121 | 2,521,406 |
| Travelling & Conveyance | 5,026,788 | 4,257,634 |
| Vehicle Maintenance | 18,986,356 | 14,708,499 |
| Printing & Stationery | 8,402,818 | 6,117,511 |
| Legal and Professional Charges | 1,589,779 | 1,565,863 |
| Human Resource Development Expenses | 14,377,875 | 9,872,567 |
| Miscellaneous Expenses | 3,265,619 | 2,378,580 |
| Statutory Auditors' Remuneration | 1,795,846 | 1,927,700 |
| Audit Fee | 146,000 | 106,000 |
| Tax Audit Fee | 30,000 | 20,000 |
| Certification Fee | <u>63,500</u> | <u>40,500</u> |
| Charity & Donations | 239,500 | 166,500 |
| Bank charges | 60,000 | 1,123,102 |
| Royalty Paid | 3,402,444 | 2,927,728 |
| Forwarding, Freight, Octroi and Delivery Expenses | 800,000 | 800,000 |
| Sales Tax | 57,915,944 | 48,661,530 |
| Commission on Sales | 663,081 | 1,478 |
| Brokerage on Sales | 15,207,464 | 11,444,714 |
| Provision for diminution in value of Investments | 1,062,041 | 654,446 |
| Net loss on foreign currency transactions and translations | 37,625 | - |
| Advertisement, Publicity & Sales Promotion | 38,469,109 | - |
| Loss on Sale / Discard of Fixed Assets | 36,373,503 | 41,885,174 |
| Loss on Sale of Non Current Investments | 1,570,319 | 147,049 |
| Bad Debts & Sundry Balances Written Off | 50,000 | - |
| Prior period expenses (Net) * | 135,965 | 1,390,344 |
| | 184,657 | 299,395 |
| | <u>476,435,408</u> | <u>372,884,204</u> |

*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) | <u>184,657</u> | <u>299,395</u> |
| | 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.

- 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".
- 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".
- 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 | 66,427,510 | 17,774,899 | 116,729,328 | 1,083,899,508 |
| | (749,300,796) | (78,215,984) | (22,159,532) | (113,895,094) | (963,571,406) |
| Segment Liabilities | 497,116,759 | 12,961,078 | 784,849 | 294,957,666 | 805,820,352 |
| | (310,307,636) | (19,535,187) | (3,744,721) | (304,017,475) | (637,605,019) |
| Capital Expenditure | 19,342,655 | 840,441 | 1,650 | - | 20,184,746 |
| | (15,050,181) | (3,997,142) | (-) | (-) | (19,047,323) |
| Depreciation & Amortisation | 11,298,950 | 4,082,381 | 94,016 | - | 15,475,347 |
| | (10,567,485) | (6,123,522) | (258,438) | (-) | (16,949,445) |
| Non-cash expense other than depreciation & amortisation | 627,037 | 15,622 | - | 37,625 | 680,284 |
| | (1,304,237) | (-2,573) | (-) | (-9,874) | (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 st March 2012 | | |

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

Disclosure of Material Transactions with Related Parties
Directors Remuneration

| | | |
|------------------------|-----------|-----------|
| Shri Sudeep Chitlangia | 3,074,311 | 2,311,871 |
| Shri Sohan Lal Yadav | 2,496,185 | 2,016,097 |

Sales

| | | |
|----------------------------|--------|-----------|
| Purma Timber Products Ltd. | - | 1,328,834 |
| Madhya Bharat Papers Ltd. | 54,447 | 37,466 |

Rent Received

| | | |
|---------------------------|-------|-------|
| Madhya Bharat Papers Ltd. | 6,000 | 6,000 |
|---------------------------|-------|-------|

License Fee Paid

| | | |
|-----------------------------------|------------|------------|
| P.S Plywood Products Private Ltd. | 38,400,000 | 33,600,000 |
|-----------------------------------|------------|------------|

Rent Paid

| | | |
|--------------------------------------|---------|---------|
| Calcutta Technicians & Advisers Ltd. | 240,000 | 120,000 |
| Madhya Bharat Papers Ltd. | 12,000 | 12,000 |

Interest Paid

| | | |
|-----------------------------|---------|---|
| Abhinandan Fintex Pvt. Ltd. | 204,658 | - |
|-----------------------------|---------|---|

Allotment of Convertible Warrants

| | | |
|-----------------------------|-----------|---|
| Abhinandan Fintex Pvt. Ltd. | 3,758,400 | - |
|-----------------------------|-----------|---|

Allotment of Equity Shares (Amount paid upon exercise of option)

| | | |
|-----------------------------|-----------|---|
| Abhinandan Fintex Pvt. Ltd. | 5,443,200 | - |
|-----------------------------|-----------|---|

Loan Received

| | | |
|-----------------------------|-----------|---|
| Abhinandan Fintex Pvt. Ltd. | 2,500,000 | - |
|-----------------------------|-----------|---|

Guarantees Obtained

| | | |
|-------------------|-------------|-------------|
| Sudeep Chitlangia | 156,700,000 | 136,900,000 |
|-------------------|-------------|-------------|

Outstanding against Guarantees Obtained

| | | |
|-------------------|-------------|-------------|
| Sudeep Chitlangia | 511,871,212 | 428,758,406 |
|-------------------|-------------|-------------|

Net Balance Receivable/(Payable)

| | | |
|-----------------------------|-------------|---|
| Abhinandan Fintex Pvt. Ltd. | (2,684,192) | - |
|-----------------------------|-------------|---|

| | | |
|--------------------------------------|-----------|---|
| Calcutta Technicians & Advisers Ltd. | 1,800,000 | - |
|--------------------------------------|-----------|---|

| | | |
|---------------------------|---------|-----------|
| Madhya Bharat Papers Ltd. | (6,000) | 1,800,000 |
|---------------------------|---------|-----------|

Names of related parties & description of relationship

| | |
|--------------|--------------------------------------|
| 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 |
|----------------------|

7. 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.

8. Disclosure pursuant to AS-29 on Provisions, Contingent Liabilities and Contingent Assets :

a) No provisions for Liabilities was made during the year and no provision was outstanding at the beginning and at the end of the year.

b) The Contingent liabilities mentioned at SI No.1 are dependent upon Court decision / out of court settlement / disposal of appeals etc.

9. 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) |
| L. Components of Employer Expense: | | | | | | |
| 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 |
| II. Change in Present Value of Defined Benefit Obligation: | | | | | | |
| 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 |
| III. Change in Fair Value of Plan Assets | | | | | | |
| 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 |
| IV. Net Asset/(Liability) recognized in the Balance Sheet | | | | | | |
| 1 Present value of Defined Benefit Obligation | 15,748,366 | 341,390 | 4,449,404 | 12,306,624 | 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) |
| V. Actuarial Assumptions | | | | | | |
| 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 |
| VI. Major Category of Plan Assets as a % of the Total Plan Assets Administered by Life Insurance Corporation of India | | | | | | |
| 100% | NA | NA | 100% | NA | NA | NA |
| VII. Expected Employer's Contribution for the next year | | | | | | |
| 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 | 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 | | Year Ended | |
|---|----------------|-------------------|----------------|-------------------|
| | 31.03.2012 | ₹ | 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 | | | | |
| Indigenous | 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

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

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

Kolkata : 29th May, 2012

On behalf of the Board

SUJIT CHAKRAVORTI
Director

B.L. MUNDHRA
Chief Financial Officer &
Company Secretary

SUDEEP CHITLANGIA
Managing Director

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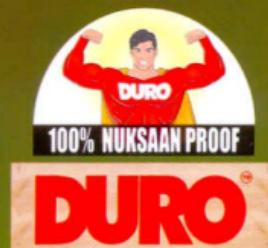
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