fighters fight

Greenply Industries Limited

Annual Report 2011-12

Forward looking statement

- In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. Wherever possible, we have tried to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.
- We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subjects to risks, uncertainties and even inaccurate assumptions.
- Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.
- We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

IN 2011-12, JUST ABOUT EVERYONE HAD AN EXCUSE FOR NOT DOING UP THEIR HOMES OR BUYING A NEW OFFICE OR ... JUST THE KIND OF YEAR WHEN COMPANIES LIKE OURS POSSESSED AN ALIBI FOR NOT DOING WELL. EXCEPT THAT AT GREENPLY, WE RESOLVED TO FIGHT. FIGHT THE PESSIMISTS. FIGHT THE SLOW MOVERS. FIGHT THE CONSERVATIVES. THIS IS HOW ROUND ONE WENT. REVENUES INCREASED 35.01%, EBIDTA MARGIN STRENGTHENED 159 BPS AND PROFIT AFTER TAX STRENGTHENED 112.87% IN 2011-12.

KNOCKOUT.

At Greenply, there was a lot to

fight for in 2011-12.

Them

INFLATION. PESSIMISM. REFORMS SLOWDOWN. POLITICAL CONTROVERSIES. WEAK MARKETS. HIGHER INTEREST RATES. TIGHTER BUDGETS. RUPEE DEVALUATION. SLOWER APARTMENT OFFTAKE. LIQUIDITY SQUEEZE. EQUITY MELTDOWN. COMMODITY SWINGS. GOLD RUSH. WEAK BOTTOMLINES. SLOWER INDUSTRIAL GROWTH. SLOWER FDI. STRONGER DOLLAR.

Us

Over

4500

people at Greenply.

At Greenply, our spirit can be described in just four words.

Fight one more round.

Vision

- Make every house full of colours and life
- Help India gain a significant position globally
- Transform every house into a home

Mission

- Ensure on-time delivery of high quality products
- Create a cordial atmosphere within the organisation
- Implement environmentally and socially considerate decisions for our Company and community

Who are we?

- Ventured into the industry by setting up a sawmill in 1984 and a plant in Nagaland to manufacture plywood in 1988
- Incorporated by Mr. Shiv Prakash Mittal and Mr. Rajesh Mittal
- The Company has now emerged as India's largest interior infrastructure company
- With the promoter holding at 55% of the equity and a market capitalisation of ₹495 crore as on March 31, 2012, the Company's stock is traded on the National and Bombay stock exchanges

What do we offer?

Greenply offers an extensive range of interior infrastructure products like decorative laminates, decorative veneers, restroom cubicles, plywood, block board, flush doors and medium density fibreboards.

Where are we located?

- Corporate Office in Kolkata (West Bengal) with seven state-of-the-art manufacturing facilities across India
- International sales presence in over 65 countries; branch office in the Netherlands, wholly-owned subsidiaries in the US and Singapore. A pan-India presence with a strong network in over 300 cities

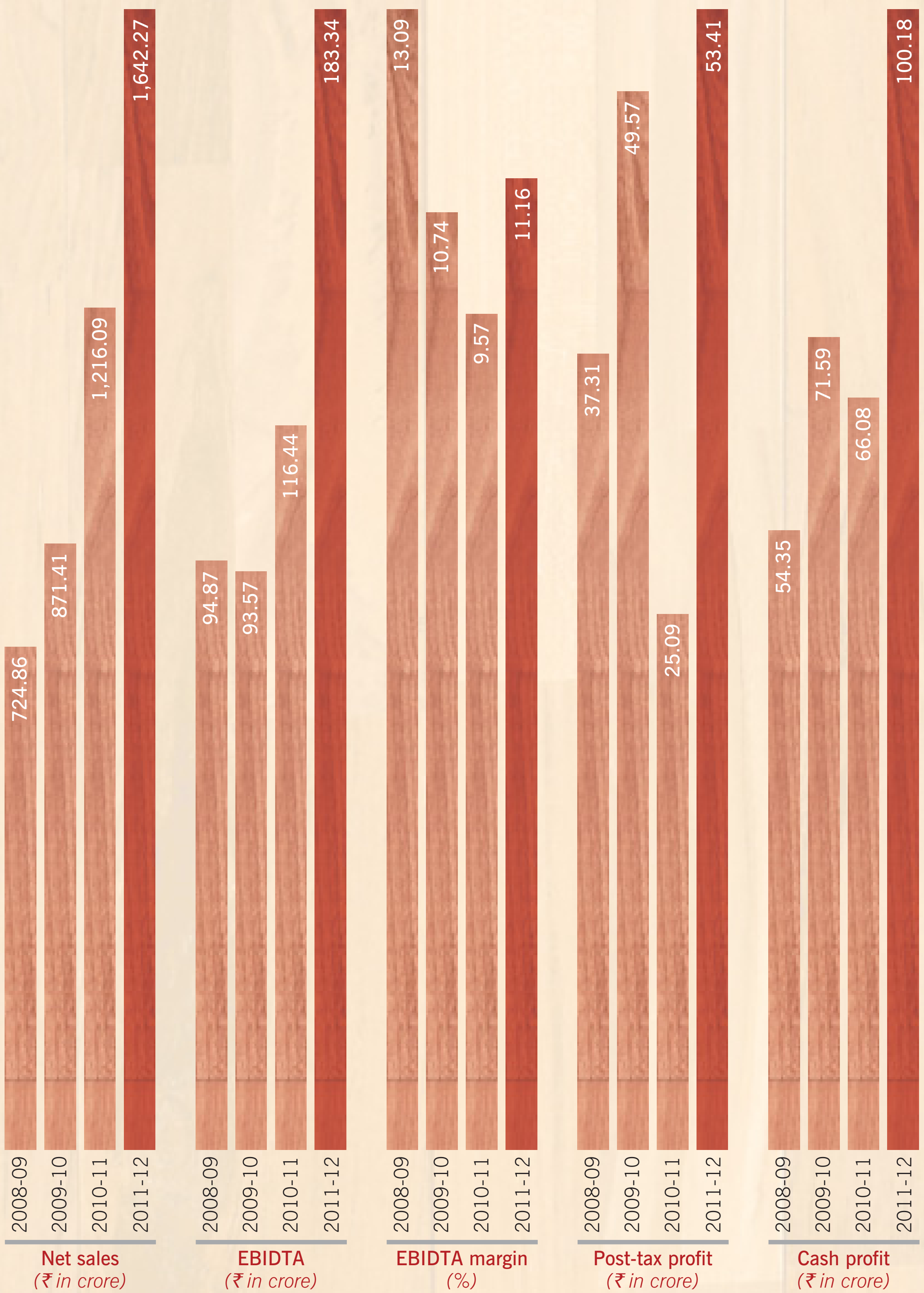
Plant location	Product	Capacity
Tizit, Nagaland	Plywood	4.50 million sq. mtrs.
Kriparampur, West Bengal	Plywood	6.00 million sq. mtrs.
Pantnagar, Uttarakhand	Plywood and reconstructed veneers	10.50 million sq. mtrs.
Bamanbore, Gujarat	Plywood	7.35 million sq. mtrs.
Behror, Rajasthan	Laminate	5.34 million sheets
Nalagarh, Himachal Pradesh	Laminate	4.68 million sheets
Behror, Rajasthan	Decorative Veneers	4.20 million sq. mtrs.
Pantnagar, Uttarakhand	Medium Density Fibreboards	0.18 million cubic mtrs.

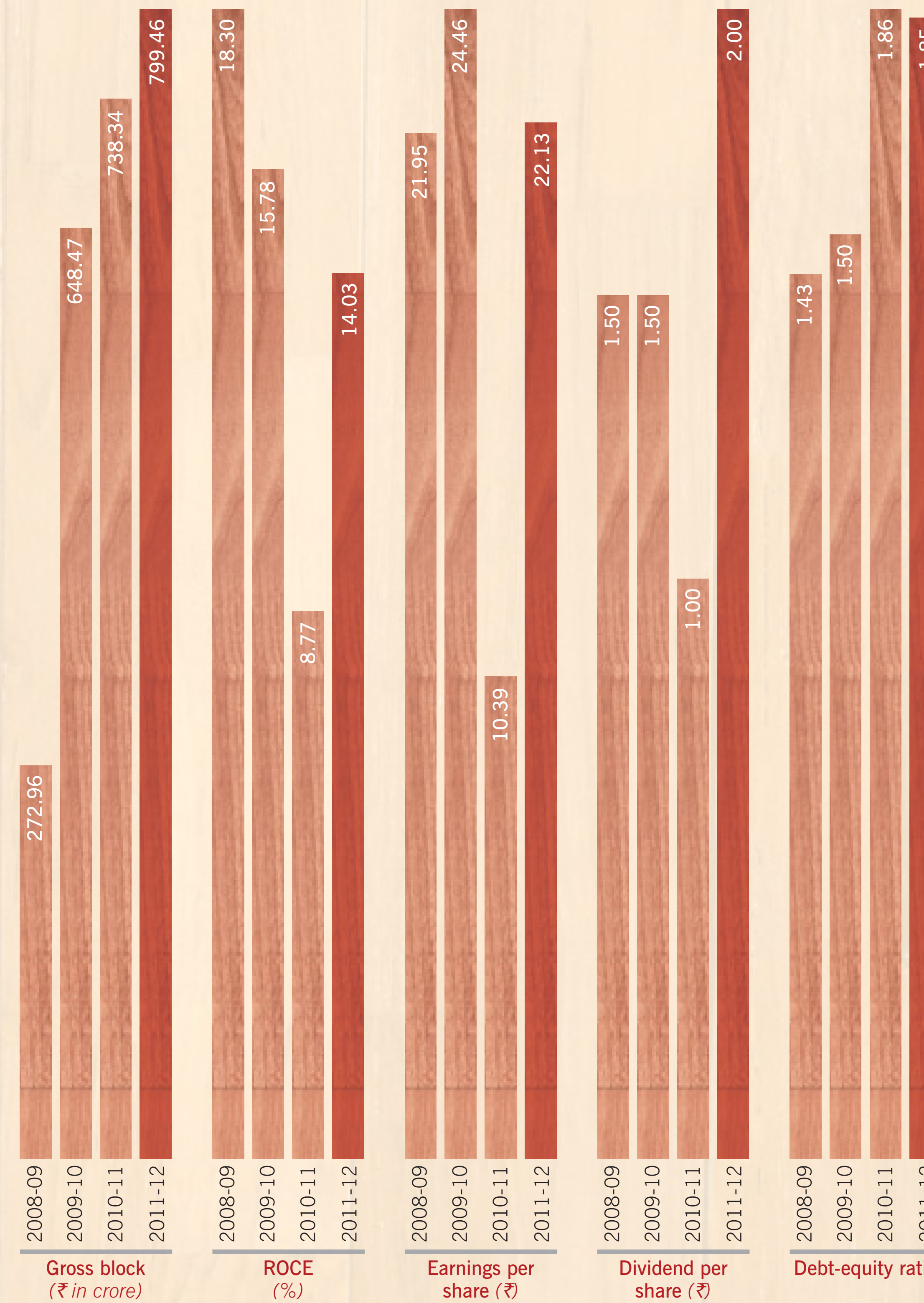
Our achievements

- ISO 9001, ISO 14001 and OHSAS 18001-certified for its Behror, Nalagarh, Tizit, Pantnagar and Kriparampur units; the Bamanbore unit is ISO 9001-certified
- Awarded Greenguard certification for Greenlam laminates
- Green fire retardant plywood certified by the Central Building Research Institute (CBRI)
- FSC-accredited with a 'chain of custody' certification for its Kriparampur, Bamanbore and Pantnagar units
- Awarded social accountability certificate SA 8000 for the Kriparampur unit
- Star export house status
- The Company adjudged as the 'Top exporter of Decorative Laminates and was awarded the Highest Recognisation for exports for the year 2010-11' by The Plastics Export Promotion Council.
- Created a lasting impression with Greenply Always Hoyenga, India's largest graffiti wall (960 x 5.25 ft) that figured in the Limca Book of Records

After the blood, toil, tears and sweat of a

good fight...





Opponents:
High inflation, weak markets, industrial slowdown and depreciating rupee

Greenply's response: Topline growth of 35% outperformed India's GDP growth of 6.9% and construction sector growth of 4.8%

> **"ADVERSITY CAUSES SOME MEN TO BREAK; OTHERS TO BREAK RECORDS."**
>
> WILLIAM A. WARD

Fighting strategy

- Efforts were made to streamline operations at the newly set-up MDF plant and the laminate unit at Nalagarh, which together contributed 27% of total revenues
- Prudent asset utilisation at the MDF unit of 65% against 15% in the previous year where the fourth quarter witnessed increased utilisation of 89%
- The plywood and laminate divisions operated at capacity utilisations of 113% and 99% respectively
- With the Company's sales and branding capabilities, plywood sales increased 20.93% and laminate sales grew 17.49%

As a result, Greenply's net sales grew 35% to ₹1642.27 crore from ₹1216.09 crore in 2010-11.

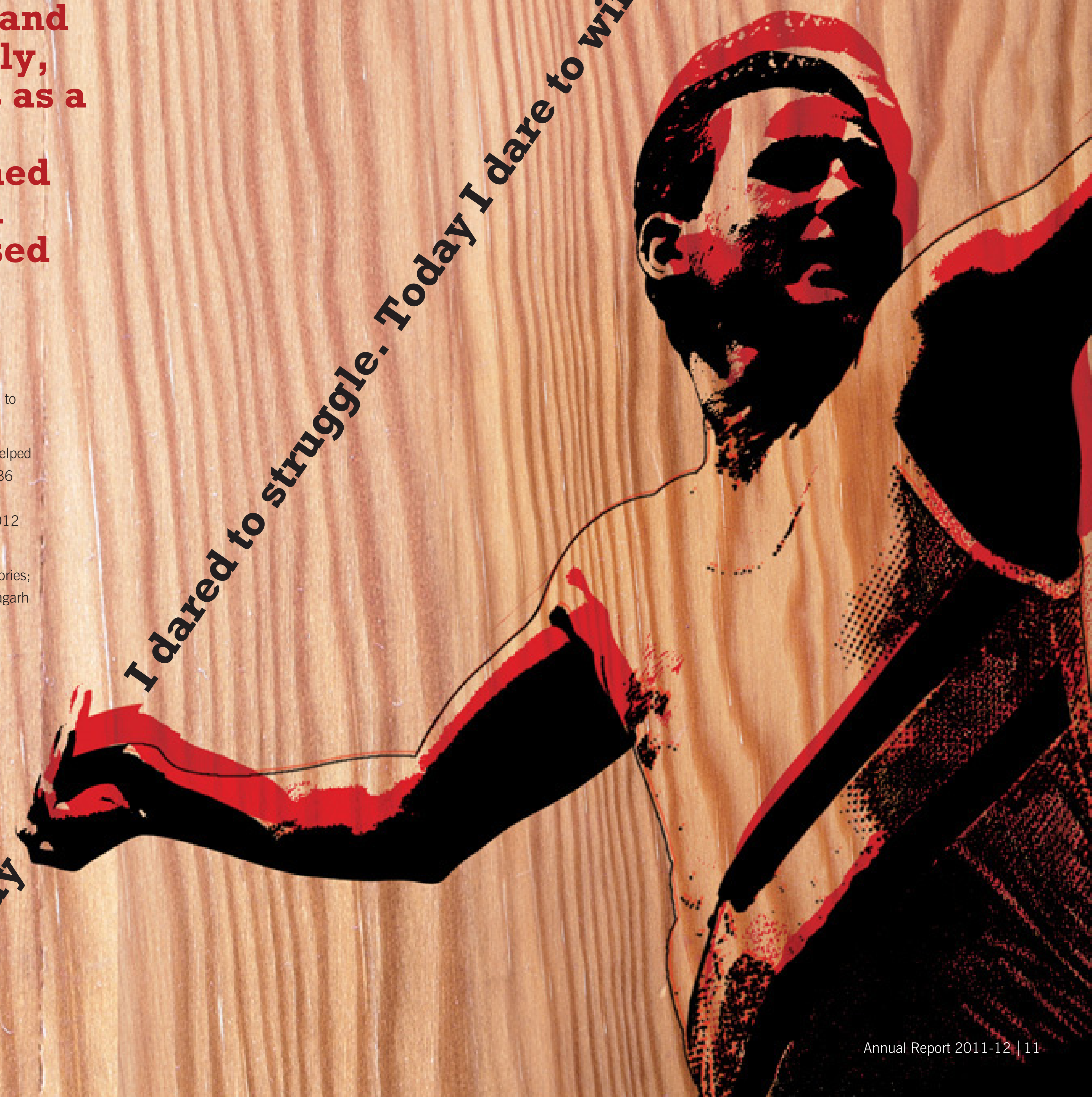
Opponents:
Low capacity utilisation, depressed demand and sluggish realisations

Greenply's response: Average plywood and laminate realisations increased 11% and 16% respectively, operating costs as a percentage of turnover declined 1.83%, EBIDTA margin increased 159 bps

Fighting hard

- Overall operating margins improved 159 bps to 11.16% from 9.57% in 2010-11
- Improved capacity utilisation at MDF plant helped reduce per unit power and fuel cost from ₹7,186 per cubic metre of production in FY 2011 to ₹4,198 per cubic metre of production in FY 2012 boosted MDF margin by 6,269 bps
- With a focus on premium value-added categories; higher sales of value-added products from Nalagarh plant improved laminate margin by 173 bps

"Yesterday I dared to struggle. Today I dare to win."
BERNADETTE DEVLIN



Opponents: Weak sentiment, high attrition and a de-motivated workforce

Greenply's response: Net sales per employee grew 26.53%, EBIDTA per employee increased 47.45%, attrition declined 2.87%

Fighting back

- Greenply penetrated deeper in the marketplace with a presence in over 40 Indian locations, over 13,000 dealers and channel partners across 19 states
- We spent 2.73% of our sales on branding to strengthen our market share
- We invested in branding initiatives to inspire a shift in consumption from the unorganised sector to the organised segment, in turn growing the organised industry space

"Fall seven times, stand up eight!"

JAPANESE PROVERB

The DNA
of a fighter

Scale
Greenply is India's largest integrated plywood, laminates, decorative veneer and MDF manufacturer

Presence
The Company is present in 19 Indian states; it accounts for 36% of India's organised plywood and 26% of the country's organised laminates market

Longstanding experience
The Company possesses over a two-decades of experience in India's interior infrastructure space resulting in industry leadership

Barrier
The Government of India has restricted the issue of licenses in the wood-based industry owing to environmental norms. Moreover, the Company's experience and strong marketing infrastructure provides it an edge over existing organised and unorganised players

Comprehensive
Greenply provides diverse interior infrastructure products like decorative laminates, decorative veneers, restroom cubicles, plywood, block board, flush doors and medium density fibreboards

Brand equity
Greenply's products are available through more than 13,000 distributors, dealers, sub-dealers and retailers across more than 300 cities, supported by over 40 marketing offices

Relationships
Greenply maintains active relationships with interior designers, architects, contractors, carpenters and retailers, enhancing recall leading to product preference

Strategic location
Greenply's manufacturing facilities are located near large markets, raw material availability locations and port connectivity

Intellectual capital
Greenply employs a team of over 4,500 employees and workers across its seven manufacturing units and more than 40 offices. More than 30% of the workforce has been with the organisation for more than five years

"India had a weak year. Greenply reported a record year.

This happened because we possessed the guts to advance despite adversity."

The Executive Chairman reviews the Company's performance during the year under review

The fact that Greenply grew in a bad year should be something to write to shareholders about. The fact that Greenply grew nearly five times the national GDP growth should be even more impressive. The fact that we improved our margins 159 bps just when most people were temporarily spending less on their interiors should be absolutely remarkable.

This is precisely how the year under review shaped out for Greenply. While the external environment turned sluggish and most in the industry felt that it would be an achievement to maintain revenues or profits or margins, this is what we reported at the close of 2011-12:

- Net sales grew 35.05% from ₹1216.09 crore in 2010-11 to ₹1642.27 crore
- EBIDTA margin increased 159 bps to 11.16%
- PAT increased 112.87% to ₹53.41 crore
- EPS increased from ₹10.39 in 2010-11 to ₹22.13

Positive change

There were some specific reasons that translated into an improved performance.

One, we entered the business of MDF manufacture in 2010 at Pantnagar as we were convinced that the product offered us the advantages of cost effectiveness, import substitution and very little domestic competition. However, during 2010-11, the business did not take off as we expected due to technology issues leading to an extensive asset under-utilisation. The result was that even as we began to incur the debt cost and depreciation provision arising out of the plant's commissioning, we reported revenues of only ₹45.48 crore in 2010-11.

I am pleased that the Company could transform its performance significantly for the better during 2011-12. The MDF plant's capacity utilisation increased from 15% to 65%, the Company reported sales of 0.12 million cubic metres and achieved a 10% increase in per cubic metre realisation from ₹19,236 to ₹21,129 across the period. The success of our MDF plant accounted for 46.51% of the Company's incremental revenues during the year under review. The turnaround of this unit contributed significantly to an overall increase in our margins and bottomline during the year under review.

Two, in 2009-10, we commissioned our laminate plant at Nalagarh. However, during 2010-11, the business did not take off as we expected since it could not attain optimum capacity utilisation and product value mix. I am pleased that the Nalagarh plant capacity utilisation increased from 84% to 91%. Several operating and structural changes at the Company's Nalagarh facility enhanced operating efficiency, capacity utilisation and margins (through new product launch and value-added product sales).

Three, we continued to strengthen the intangibles that influence our business – the brand and the distribution capability. We recognised that the best insurance in a slowdown was enhanced visibility. In view of this, the Company invested ₹44.80 crore in brand building through various initiatives like its new 'Always Hoyenga – Greenply Plywood' advertisement on TV and FM channels, followed by customer connect programmes like hoardings, wall paintings and competitions. The Company widened and deepened its distribution network. It strengthened systems to decentralise coupled with employee empowerment that translated into customised decision making in line with the prevailing reality of the marketplace.

The road ahead

At Greenply, we are optimistic of taking this fight into the next round.

During the current financial year, we will focus on enhancing our asset utilisation across our various plants, enhancing revenues, increasing the proportion of value-added products, maximising our cash flows and liquidating debt. We believe that this right sizing will strengthen our market capitalisation in line with the competencies that we invested within our business.

For the fighter in us, the best round is yet to be.

Sincerely,

S. P. Mittal
Executive Chairman

Industry overview

Economy overview

The Indian economy grew 6.9% in 2011-12 against 8.4% in 2010-11, largely due to weakening industrial growth.

Economic snapshot (in %)

Sector	2010-11	2011-12
Agriculture and allied activities	7.0	2.8
Mining and quarrying	5.0	(0.9)
Manufacturing	7.6	2.5
Electricity, gas and water supply	3.0	7.9
Construction	8.0	5.3
Trade, hotels, transport and communication	11.1	9.9
Financing, insurance, realty and business services	10.4	9.6
Community, social and personal services	4.5	5.8
GDP at factor cost	8.4	6.5

(Source: MOSPI)

Indian furniture industry

The furniture industry in India is valued at around ₹71,000 crore. The organised sector comprises just 15%, with unorganised players accounting for the rest. Backed by growing real estate, tourism and hospitality sectors on the one hand and lifestyle product consumption on the other, the Indian furniture manufacturing industry is expected to grow 13-15% over the next five years.

Growth drivers

Rising per capita income: Per capita income increased from ₹35,430 in 2007-08 to ₹46,492 in 2009-10 and ₹54,527 in 2010-11. India's per capita income was estimated to have risen 14.3% to ₹60,972 in 2011-12 *(Source: Deccan Herald)*. Private final consumption expenditure (PFCE) is expected to scale up from USD 790 bn in 2010 to USD 3.6 tn by 2020 *(Source: ENAM)*.

Young population: India has a young population (63% people below 59 years; average age 24 years), leading to higher disposable incomes in the hands of those with aspirations of a better lifestyle. Among the BRIC nations, India is expected to remain the youngest with a working-age population estimated to rise to 70% of the total population by 2030 – the largest such population component globally.

Rising urbanisation: Though urban India accounts for 37% of the population, it accounts for 70% of the total income. India is the world's fastest – urbanising country with the UN estimating 40% of India's population will live in urban areas by 2030, primarily owing to improved employment prospects, rising income levels and growing nuclear families.

Rising proportion of the consumer class: The Indian middle-class is projected to grow from 83 mn in 2010 to 114 mn by 2025, making it the largest middle-class population pool globally. The dependency ratio in Indian families decreased from 58% in 2005 to 55% in 2010 and is further expected to decline to 52% in 2015 and 49% in 2020 *(Source: ENAM)*.

Nuclear families: The average increase in middle-class nuclear families is estimated to be over 300 mn. The average household size decreased from 4.6 to 4.1 in the past decade with an increase in average dwelling sizes from 41 sq. mtrs/unit to 48. The same momentum is expected to continue in the future as well *(Source: ENAM)*.

Real estate growth drivers

At Greenply, we recognise that the health of the real estate market influences the size and scope of the interior infrastructure industry. India's real estate sector is expected to grow to USD 180 bn by 2020. The housing sector contributes 5-6% of India's GDP.

Semi-urban demand: Real estate demand in Tier-II and III towns and cities accelerated in line with the need for superior lifestyles. Cities like Bhopal, Bhubaneshwar, Coimbatore, Indore, Jaipur, Lucknow, Surat, Vadodara and Visakhapatnam are expected to add over 354 mn sq. ft of residential space in three years with sales expected to generate ₹180 bn in the next eight years. An increasing number of corporates are shifting focus to Tier-II and III cities, accounting for over 61% of the total job creation in India in 2010-11 *(Source: ENAM)*.

Premium housing: The networth of HNIs in India is expected to increase from ₹45 tn in 2010-11 to ₹235 tn by 2015-16, widening the market for premium housing. A report by Kotak indicates that HNIs use a fifth of their earnings for investments, of which 37% is in real estate.

Commercial office space and retail sector: Office space supply in the top seven Indian cities is expected to reach 243.5 mn sq. ft (msf) in 2011-15. During the same period, malls and other retail spaces are expected to account for 57 msf and 112.57 msf respectively *(Source: Cushman and Wakefield)*.

Hospitality: Tourist arrivals in India increased from 5.78 mn in 2010 to 6.29 mn in 2011 and is expected to touch 11.1 mn by 2021, leading to an additional demand for 150,000 hotel rooms in five years *(Source: CARE)*. During 2010-13, the Indian hotel room market for 10 major cities is estimated to grow from ₹74 bn to ₹119 bn, translating to a 17% CAGR.

Healthcare: India needs to add 1.8 mn beds and 700,000 doctors by 2025 to reach its targeted ratio of two beds per 1,000 people and one doctor per 1,000 patients, with an investment outlay of USD 86 bn *(Source: IBEF)*.

Plywood and allied products

2011-12 in brief

₹ 815.58 crore Revenue	50% Contribution to the total revenue
₹ 80.08 crore EBIDTA	₹ 43.59 crore Profit before tax

Overview

Greenply is a leading manufacturer of quality plywood and allied products in India. With four operational plants, the plywood division possesses an annual cumulative capacity of 28.35 mn sq. mtrs.

Greenply's plywood is made from the finest A+ grade timber and undergoes a stringent five-step process, making it termite and borer-resistant. Greenply was the first Indian company to introduce a lifetime guarantee for its high-end products (Green Club and Club Plus premium plywood).

Manufacturing units

Installed capacity: 28.35 million sq. mtrs, **Capacity utilisation:** 113%

Tizit, Nagaland
Installed capacity: 4.50 million sq. mtrs
Capacity utilisation: 111%

Kriparampur, West Bengal
Installed capacity: 6.00 million sq. mtrs
Capacity utilisation: 124%

Bamanbore, Gujarat
Installed capacity: 7.35 million sq. mtrs
Capacity utilisation: 92%

Pantnagar, Uttarakhand
Installed capacity: 10.50 million sq. mtrs
Capacity utilisation: 123%

Greenply is well-positioned in the plywood segment

Higher growth: A diversified product mix places the Company in an advantageous position. The Company introduced compreg plywood, a premium product, which is likely to increase users. It also increased market share in the organised plywood industry to 36% in 2011-12 (30% in 2010-11). Growing brand recognition will enhance brand leadership and revenue potential.

Cost control: Greenply's four plywood manufacturing plants (two in east India and one each in north and west) are located near raw materials or port connectivity. The Nagaland and Uttarakhand plants are proximate to raw material resources, sourcing timber from local farmers. The Kriparampur (West Bengal) and Bamanbore (Gujarat) plants import wood from Southeast Asia and Africa.

Presence: The Company's strategic manufacturing locations make it possible to supply products anywhere in India, saving freight and transportation costs.

Capacity utilisation: The Company's plywood plants operated at 100% + capacity utilisation in 2011-12. The Gujarat facility (additional capacity of 1.80 million sq. mtrs.) was commissioned in April 2011, taking the total plywood capacity to 28.35 mn sq. mtrs (26.55 mn in 2010-11).

Improving margins: The Company's product mix comprises the premium segment and mid-segment manufactured at its four plants; as also the mid-segment outsourced products. Plywood operating margins fell by 320 basis points to 9.82% from 13.02% in 2010-11due to US dollar appreciation making imports costlier, forward cover cost for imports and increased brand spend and a new advertisement campaign 'Always Hoyenga – Greenply Plywood'.

Benefits from tax exemptions: The plywood facilities at Nagaland and Uttarakhand are located in tax-efficient states. Both plants contributed 52% of the total plywood revenue.

Competitive advantage: The industry being regulated by government authorities, Greenply enjoys a competitive advantage as the government has restricted the issue of new licenses in this segment owing to environmental concerns.

Greenply's quality products

- The Company enjoys CE marking, which testifies that the product complies with quality and processes and provides access to Europe, without product adaptation or re-checking
- The Ecomark from BIS authorities enhanced consumer awareness in identifying environment-friendly products
- The FSC certification reflects the Company's high social and environmental standards

Highlights, 2011-12

- The plywood division grew revenues 20.93% from ₹674.43 crore to ₹815.58 crore
- Grew volumes from 29.70 mn sq. mtrs in 2010-11 to 32.14 mn sq. mtrs, overall capacity utilisation at 113%
- Enhanced sales from 34.58 mn sq. mtrs in 2010-11 to 38.02 mn sq. mtrs
- Increased rural revenues from ₹63 crore in 2010-11 to ₹78 crore
- Started producing pine base block boards, a cheaper substitute with a similar application as plywood
- Scaled daily flush door manufacturing to 850 pieces from 700 pieces in 2010-11 at the Pantnagar unit
- Focused on the distribution channel; increased branch and sales presence across the country. Enhanced channel partner business volumes and margins by selling more value-added products. Announced attractive schemes for tours abroad for dealers involved in growing business volumes
- Focused on secondary or tertiary sales generation through institutional business, comprising 15% of total plywood sales
- Provided channel finance facilities through banks. A three-party agreement between the dealer, Company and bank; where the dealer receives working capital loans without any mortgage, enhancing trust
- Added one new product namely Green Compressed Wood Plate

Outlook

India's plywood industry is expected to grow 6-8%. The Company expects to outperform this growth through the ongoing expansion at the Bamanbore unit. The Company expects to focus on the specification business for architects and interiors and enhance relationships with channel partners to grow business volumes.

Laminates and allied products

2011-12 in brief

₹ 582.98 crore Revenue	35% Contribution to the total revenue
₹ 65.67 crore EBIDTA	₹ 20.84 crore Profit before tax

Overview

Greenlam is one of the leading laminate brands in India, offering a range of innovative designs and textures.

Manufacturing units

Installed capacity: Laminates: 10.02 million sheets • Decorative Veneers: 4.20 mn. sq.mtrs

Behror, Rajasthan

Laminates
Installed capacity: 5.34 mn sheets
Capacity utilisation: 106%

Decorative Veneers
Installed capacity: 4.20 mn sq. mtrs
Capacity utilisation: 33%

Nalagarh, Himachal Pradesh

Laminates
Installed capacity: 4.68 mn sheets
Capacity utilisation: 91%

Greenply – positioned for growth

Nalagarh plant benefits
Several operating and structural changes at the Company's Nalagarh facility enhanced operating efficiency, capacity utilisation, margins (through new product launch and value-added product sales) and tax and excise benefits.

Cost-effectiveness
The Nalagarh plant is located in a tax-efficient state. Key raw materials in the laminate segment comprise kraft and design paper (60% of raw material cost) and chemicals (40% of raw material cost). Any increase in raw material costs is passed on to customers, albeit with a time-lag.

Operational efficiency
The Company's laminates capacities in Behror and Nalagarh together comprise 10.02 mn sheets. These facilities reported a capacity utilisation of 106% and 91% respectively. Being a new plant, the Nalagarh facility improved capacity utilisation from 84% in 2010-11 to 91% in 2011-12, which is expected to improve in 2012-13.

Decorative segment
The decorative veneer segment is likely to augment margins. With capacity utilisations and product value mix expected to improve in the future, it will help to increase margins.

International markets
Greenply introduced a range of products with higher lengths and widths with strong international demand. This helped the Company to enhance its presence as an international manufacturer of high-pressure laminates. The Nalagarh unit manufactures compact laminates increasingly used in restroom cubicles, self-supporting furniture, fixtures, partitions and modular work stations.

Overseas subsidiaries
Greenply's overseas wholly-owned subsidiary Greenlam Asia Pacific Pte. Ltd., Singapore, covers the laminate markets in South East Asia while Greenlam America, Inc., USA, is engaged in marketing and distributing high-pressure laminates in North and South America. The Company expects both the subsidiaries to earn healthy profits and increase international market presence.

Greenply engines

Greenply's four engines on which the business is based comprise:

- **Trade:** Comprises dealers and distributors
- **Specifier community:** Includes interior designers and architects
- **Influencers:** Comprises carpenters and contractors
- **OEM manufacturers:** Captive customers who provide bulk business

Highlights, 2011-12

Laminates

- Increased production from 9.37 mn sheets in 2010-11 to 9.92 mn sheets
- Increased average realisations from ₹480 per sheet in 2010-11 to ₹558; capacity utilisation increased to 99% from 94% in 2010-11
- Launched four new Green Design Studios in 2011-12
- Streamlined operations at the newly established Nalagarh facility, reporting a capacity utilisation of 91%
- Conducted several activities at the point of sale in relation to the specifier community to build loyalty
- Celebrated Greenlam Utsav, a ten-day dealer carnival
- Conducted several activities at the branch level, including carpenter meets, lucrative incentives, reward mechanism and dealer meets
- Continued ongoing communication with architects, updating them on international trends through the Architect Leadership Council (ALC)
- Conducted a relationship building exercise and took 150 architects from across the country to Salone, a design fair in Milan

Decorative veneers

- Increased average realisation from ₹723 per sq. mtrs in 2010-11 to ₹833 per sq. mtrs

Medium density fibreboard (MDF)

2011-12 in brief

₹ 243.71 crore Revenue	15% Contribution to the total revenue	65% Capacity utilisation

Overview

An alternative to plywood, medium density fibreboard (MDF) is an engineered wood product made from composite wood. Greenply's MDF sold under the 'Green Panelmax' brand is a radical product made with a unique fibre-interlocking technology leading to high bonding strength and rigidity and is loaded with features which are best suited for constructing strong and durable furniture and creating unique interiors. Manufactured from 100% renewable and sustainable wood, Greenply's MDF is an eco-friendly product.

The Company's MDF facility at Pantnagar, Uttarakhand, is the country's largest and most technologically advanced in its category. With a capacity of 0.18 million cubic metres per annum, the MDF facility is the first-of-its-kind in India, incorporating the latest European technology.

Greenply and MDF

Substitute for plywood industry

India's plywood consumption is pegged at over 400 mn sq. mtrs and is growing at 5-7%. However, the Indian government has restricted the issue of further licenses to the wood-based industry, which is expected to make plywood costlier. MDF is likely to act as a substitute for the cheap segment plywood and a shift of 8-10% is expected from plywood to MDF over the next 3-4 years. With a greenfield capacity for manufacturing MDF, the Company is likely to be one of the key beneficiaries of MDF demand.

State-of-the-art MDF facility

The Company's MDF facility is the country's largest wood-based MDF plant and the most technologically advanced, utilising a continuous press system, resulting in high tolerances in terms of frequent variations, ensuring consistency. Greenply's new facility comprises equipment supplied by a world leader Dieffenbacher, Germany. The plant can produce MDF in thicknesses of 2.5-35mm.

Multiple applications

MDF, which is regarded as engineered wood, has the durability, look, texture, richness and feel of seasoned wood that can replace solid timber. MDF is a versatile product that finds a range of applications in paneling, furniture, windows and doors frames, handicraft, display or exhibition stands and signages, false ceilings, toys, carving and moulded panels, partitions, shoe industry and educational equipment.

Improving capacity utilisation

This division contributed 15% owing to an improvement in capacity utilisation to 65% in 2011-12 from 15% in 2010-11. The operationalisation of the MDF plant resulted in transforming Greenply into a complete interior infrastructure player.

Despite the MDF plant beginning operations in March 2010, the plant was largely inoperative during the first half of 2010-11 due to a series of unexpected developments. The plant resumed normal production from the fourth quarter of 2010-11, resulting in a capacity utilisation of 15%. We expect the plant's capacity utilisation to be at 90% for 2012-13.

Strong supply chain

The Company leverages its strong existing supply chain to sell MDF products, providing it with an extensive geographic reach.

MDF features

- **Strength:** Made with advanced technology, Greenply's MDF boards offer tough resistance ensuring stability. The unique interlocking technology employed in manufacturing leads to high bonding strength and greater rigidity.
- **Quality:** With stringent quality measures at every stage of the manufacturing process, the Company's products have a smooth finish and superior machining characteristics. The latest testing technology guarantees consistent surface density and thickness.
- **Eco-friendly:** The Company's MDF is produced from 100% renewable and sustainable wood sourced from agro forestry plantation trees that have a lifecycle of 3-4 years, causing no forest cover depletion.
- **Wide product portfolio:** The Company is the first in India to offer a wide range of MDF boards in a variety of thicknesses (2.5mm-35mm) and sizes (8'x4', 8'x6', 7'x6', 7'x4' and 6'x4') ranging from plain, pre-laminated and veneered MDF boards.
- **Ideal for construction:** The Company's MDF boards allow precise routing, machining and finishing techniques for a superior finish. Also, they have no latex content, making it ideal for surface finishes such as painting and polishing.

Highlights, 2011-12

- The rated capacity for the plant for 24 hours is 600 cubic metres and for 12 hours is 300 cubic metres. The highest achieved so far on a 12-hour basis is 412 cubic metres and the highest on a 24-hour basis is 713 cubic metres. The average capacity utilisation stood at 65% against 15% in the previous year
- Engaged foreign consultants to improve productivity
- Conducted research based on market feedback to offer unique products in terms of size to cater to various customer requirements
- Offered a product focused on photo lamination, a burgeoning market for MDF boards with Greenply being the only player providing quality products in various dimensions
- Increased production from 3,671 CBM in 2010-11 to 19,508 CBM in 2011-12 in the short cycle segment, the pre-lamination area within the MDF unit
- Pioneered and launched veneered MDF boards in India, opening avenues for large furniture makers. The product is cost-effective, reducing application time
- Raw material price increase of over 8% were passed on to customers
- Conducted trials for doors where the frame is made of MDF and the filler is of honeycomb panels. A relatively low-cost product, expected to be launched in 2012-13

Outlook

- Streamline production and maximise output
- Enter value-added products to increase topline and margins
- Enter the MDF flooring market
- Focus on the huge demand for low emission MDF boards
- Secure raw material by conducting socio-forestry programmes with local farmers
- Tie-up with Pantnagar University to promote plantation growth

Analysis of financial statements

Accounting policy

The Company prepared its accounts under the historical cost convention method with generally accepted accounting principles as prescribed by the Institute of Chartered Accountants of India and as per the relevant provisions of the Companies Act, 1956.

A. Profit & Loss Account

Highlights, 2011-12

Financial snapshot (₹ crore)

	2009-10	2010-11	2011-12
Net sales	871.41	1,216.09	1,642.27
EBIDTA	93.57	116.44	183.34
PAT	49.57	25.09	53.41
Cash profit	71.59	66.08	100.18
EPS (₹)	24.46	10.39	22.13
EBIDTA margin (%)	10.74	9.57	11.16
PAT margin (%)	5.69	2.06	3.25
ROCE (%)	15.78	8.77	14.03
RONW (%)	18.32	7.79	14.41

Revenue analysis

Net sales grew 35.05% from ₹1,216.09 crore in 2010-11 to ₹1,642.27 crore in 2011-12, largely due to increased production in the MDF division and enhanced realisations in the plywood and laminate divisions.

Revenue from segments

	2011-12		2010-11		Growth over the previous year (%)
Business divisions	Amount (₹ crore)	Proportion of net sales (%)	Amount (₹ crore)	Proportion of net sales (%)	
Plywood and allied products	815.58	49.66	674.25	55.45	20.96
Laminates	582.98	35.50	496.18	40.81	17.49
Medium Density Fibreboard	243.72	14.84	45.48	3.74	435.88
Total	1,696.53	100	1,257.43	100	34.92

Plywood division: Net revenues from the business grew 20.96% from ₹674.25 crore in 2010-11 to ₹815.58 crore in 2011-12, led by increased production and realisations. The division accounted for 49.66% of the net revenue in 2011-12 against 55.45% in 2010-11.

Laminates division: Revenues from the business grew 17.49% from ₹496.18 crore in 2010-11 to ₹582.98 crore in 2011-12, owing to higher production as the new Nalagarh plant was streamlined. The Nalagarh plant operated at a capacity utilisation of 91%. The overall capacity utlisation of this division stood at 99% against 94% in the previous year. Realisations improved 16% to ₹558 per sheet. The laminates division accounted for 35.50% of the net revenue in 2011-12. Exports from this division grew 16.03% from ₹157.35 crore in 2010-11 to ₹182.58 crore in 2011-12.

Medium density fibreboard: Revenues from the business grew from ₹45.48 crore in 2010-11 to ₹243.72 crore in 2011-12. The division's operations were streamlined as it faced technical instability since inception. As a result, the MDF unit reported a prudent asset utilisation of 65% against 15% in the previous year where the fourth quarter showed an increased utilisation of 89%.

Revenue from geographies

Domestic revenues: Income from domestic markets increased 38.21% from ₹1,055.33 crore in 2010-11 to ₹1,458.55 crore in 2011-12, largely due to stronger market penetration and enhanced sale of MDF and value-added products.

Export revenue: Export income comprised 11.19% of the revenue (13.22% in the previous year). Exports increased 14.33% from ₹160.76 crore in 2010-11 to ₹183.79 crore in 2011-12.

Other income

Other income increased from ₹4.67 crore in 2010-11 to ₹5.90 crore in 2011-12, owing to higher interest income received. Other income, as a proportion of total income was 0.36%, reflecting the Company's focus on its core business.

Cost analysis

The Company's operating cost increased 31.69% from ₹899.28 crore in 2010-11 to ₹1184.35 crore in 2011-12, largely due to increased production in all segments. There was a power cost increase for the MDF segment and the Company also increased its spend on advertisements by 35.21%. Total cost (including interest and depreciation charges) increased 33.02% from ₹1,191.22 crore in 2010-11 to ₹1,584.64 crore in 2011-12.

Raw materials: Raw materials consumed increased 33.55% from ₹691.62 crore in 2010-11 to ₹923.66 crore in 2011-12, owing to increased scale. The major raw materials consumed comprised timber and chemicals. Of the raw materials, 34% were imported.

Personnel expenses: Personnel expenses increased from ₹106.19 crore in 2010-11 to ₹130.01 crore in 2011-12, owing to increased salaries and wages. Increased production in the laminate and MDF divisions translated into a 26.53% increase in revenue per employee and 47.45% increase in EBIDTA per employee.

Other expenses: This increased 38.37% from ₹242.36 crore in 2010-11 to ₹335.37 crore in 2011-12, largely due to increased logistics and power and fuel cost owing to an increased scale of operations.

B. Balance Sheet

Capital employed

Capital employed increased by just 3.35% from ₹866.82 crore as on March 31, 2011 to ₹895.86 crore as on March 31, 2012, as the Company sweated its assets to achieve an increase of 35.05% in net sales. Return on capital employed stood at 14.03% against 8.67%, owing to better capacity utilisation and improved product mix.

Sources of funds

Net worth increased 15.10% from ₹321.99 crore as on March 31, 2011 to ₹370.62 crore as on March 31, 2012. This was largely due to an increase in reserves and surplus from ₹311.03 crore as on March 31, 2011 to ₹359.40 crore, primarily due to surplus transferred.

Shareholders' funds: The equity capital stood at ₹12.07 crore in 2011-12, comprising 2,41,36,374 fully paid equity shares with a face value of ₹5 each as on March 31, 2012. The promoter group held 55% in the Company as on March 31, 2012.

External funds: The debt portfolio increased 14.56% during the year from ₹597.43 crore as on March 31, 2011 to ₹684.41 crore as on March 31, 2012. The Company's long-term debt declined 5.1% to ₹266.86 crore as on March 31, 2012 as against ₹281.27 crore as on March 31, 2011. The Company's short-term debt increased 32.07% to ₹417.55 crore as on March 31, 2012 as against ₹316.16 crore as on March 31, 2011. Unsecured debt formed 36.92% of the debt portfolio. Debt-equity ratio was 1.85 as on March 31, 2012 (1.86 as on March 31, 2011). Gross interest cost increased 37.29% from ₹44.26 crore in 2010-11 to ₹60.78 crore in 2011-12. The average cost of funds was 11% in 2011-12 against 10.87% in 2010-11. During the year, the Company repaid ₹75.73 crore of outstanding debts. The Company sourced external funds from a consortium of eight banks.

Application of funds

Non-current assets

The tangible net block increased 2.72% from ₹599.37 crore as on March 31, 2011 to ₹615.64 crore as on March 31, 2012 due to additions in plant and machinery (₹44.08 crore) and buildings (₹10.21 crore). However, the intangible net block declined 20%.

Depreciation increased 14.09% from ₹40.99 crore in 2010-11 to ₹46.77 crore in 2011-12.

Working capital

The Company's working capital is used to purchase raw materials, manage inventories, overheads and provide credit. Net current assets increased from ₹7.14 crore as on March 31, 2011 to ₹36.06 crore as on March 31, 2012. Net current assets as a proportion of capital employed increased from 0.82% in 2010-11 to 4.03% in 2011-12.

	2011-12	2010-11
Current ratio	1.06	1.01
Quick ratio	0.61	0.56

Inventories: Inventory (42.14% of the total current assets as on March 31, 2012) increased 20.93% from ₹229.28 crore as on March 31, 2011 to ₹277.29 crore as on March 31, 2012. Inventory turnover cycle stood at 62 days of gross turnover equivalent as on March 31, 2012 compared with 69 days as on March 31, 2011.

Trade receivables: Sundry debtors increased 36.72% from ₹212.74 crore as on March 31, 2011 to ₹290.87 crore as on March 31, 2012. The Company's receivable cycle increased by just one day from 64 days as on March 31, 2011 to 65 days as on March 31, 2012, although its net sales increased by 35.05% as it assigned credit limits to customers and maintained a strict vigil on timely receivables.

Cash and bank balance: Cash and bank balances reduced from ₹13.40 crore in 2010-11 to ₹12.16 crore in 2011-12.

Loans and advances: Loans and advances increased 23.06% from ₹74.14 crore as on March 31, 2011 to ₹91.24 crore as on March 31, 2012, largely due to an increase in export incentives receivable and MAT credit entitlement.

Trade payables: Sundry creditors declined 1.55% from ₹167.96 crore as on March 31, 2011 to ₹165.34 crore as on March 31, 2012.

Foreign exchange management

During the year under review, the Company incurred a forex loss of ₹18.15 crore against a loss of ₹8.60 crore in the previous year. However, from the fourth quarter, the Company increased its foreign currency hedges.

Human resource management

With over 4,500 employees, the prime objective of the human resource function is employee development. To achieve success and profitability, the Company relies on its biggest asset – its intellectual capital.

Recruitment

The Company believes in hiring quality manpower with a focus on their career growth.

- Freshers are recruited from reputed colleges. In 2011-12, the Company visited several Tier-II campuses to recruit freshers
- To overcome the challenge of attracting qualified professionals and skilled manpower in today's dynamic market, the Company uses the popular employee referral scheme; over 60% of recruitments are from referrals
- It has a systematic and selective empanelment process with recruitment consultants
- It conducts competency-based interviews, along with testing processes followed by verification checks

Training

The Company consistently invests in growing the team. It believes that its people are the most important assets, providing sustained growth over the long term.

- The Company initiated an induction training called GRIP – Greenply Induction Plan – for new recruits
- New recruits from all over the country were called to the Head Office for a better understanding of each department and factory working
- In 2011-12, the Company started the development centre where it identified top six competencies to be present at all levels. Employees were sent to the development centre where feedback was provided at every level
- The Company creates a training calendar at the start of each year
- Ongoing general training along with specific training pertaining to specific roles is provided throughout the year

Communication

An effective communication model serves as a key tool in knowledge dissemination and information flow leading to ease in operational functioning.

- In 2011-12, the Company started 'coffee and connect', an in-house communication project. The HR team travels across all locations and communicates with employees
- Greenply has an in-house magazine 'Ekatva', communicating internal news and events
- In 2011-12, the Company initiated a team bonding policy, where each manager is assigned a budget (can be department or branch) to take his/her team members to an off-site excursion

Rewards

- A yearly award night is held where the best performers are rewarded, it also includes the best branch and department
- Greenply also rewards people who have spent 5, 10 and 15 years in the Company with the long service award. Today, over 30% of employees are more than five years old
- The Company provides performance-based incentives in the form of white goods

Outlook

- Drive performance and productivity through people
- Develop and retain high performers
- Make a career graph for each individual
- Enhance focus on training and developing skills
- Make training mandatory at all levels

Information technology

In the contemporary business environment, information equates to power. Embracing information technology provides an edge over competitors, enhances productivity and increases customers. Moreover, organisations need to evolve to focus on ways to do more with less.

During the year under review, the Company rolled out various Intranet-based applications used by employees and customers in addition to the ESS Portal. The application targeted three areas – information access, specific data entry modules and employee grievances. As a result, the speed to respond and resolve employee services improved.

The use of Unified Communications technology helped drive business operations, reduce costs and enhance efficiency.

Corporate social responsibility

The Company's social commitment comprised the following initiatives:

Education, accommodation and facilities for girls in U.P and West Bengal

Our Company associated with NGO Udayan Care since 2010 to support one Udayan Ghar in U.P. We sponsored 10 girls for the Udayan Fellowship programme in West Bengal, providing shelter, family environment and education.

These homes make it possible to educate children to help them become self-sufficient members of society and inculcate human values so that they can make a positive difference to society. Workshops were conducted for girls in the areas of personality development, skill development and effective communication.

The children were taken for regular outings to malls and provided meals in restaurants.

Mera Abhiyaan Meri Pehchaan

Our Company implemented initiatives in the areas of health intervention, life skill education and adolescence education in Sikar, Rajasthan. We partnered with NGO MAMTA to adopt 65 villages, covering 100,000 people (around 25,000 adolescents) targeting unmarried-married, out of school-in school, working and non-working individuals. The initiative also intends to work in the following areas:

- Abolish child marriage, although at this point of time we have covered a few villages but our project aims to cover many more.
- Provide all basic health facilities in the villages of Rajasthan and especially for adolescents as this is the only age where maximum hormonal and physical changes take place, prevent infant and maternal mortality rate by curtailing child marriage.
- Create general awareness for adolescents and their parents, making them aware of various government schemes which they can avail of.
- Gender discrimination is a matter of concern in villages of India; hence, parents involvement in the discussion makes them value the girl child and provide them with equal opportunities.
- Women empowerment – our project instills confidence in adolescent girls to allow them to decide not to get married before 18 years of age, and we took one step forward to reward such girls.
- Motivate elderly people in the village to support our mission and promote it in their respective villages.

Planting of trees in tsunami-affected Tamil Nadu

The act of selecting, planting and caring for a tree sends a powerful message that one cares for the environment, bringing people together. Our Company, in association with NGO HOPE Worldwide, planted saplings in Chinnankudi Village, Nagapattinam District, Tamil Nadu, an area affected during the tsunami. The land area reserved for tree plantation will be called the Greenply Orchard. During the year, the Company planted trees in schools.

De-risking at Greenply

A business is marked by risks. The Company identified and assessed risks associated with its business and correspondingly coordinated optimum resource application to minimise them and maximise realisations.

Industry Risk

A DOWNTURN IN USER INDUSTRIES COULD DENT GROWTH

Risk mitigation:

- The size of the Indian real estate market is expected to touch USD 180 bn by 2020
- There is a shortage of 12 mn housing units in urban areas
- There is scope for 400 township projects over the next five years spread across 30-35 cities, with a population of 0.5 mn

Marketing Risk

INABILITY TO CATER TO CUSTOMERS ON TIME MAY DILUTE MARKET SHARE

Risk mitigation:

- With a presence across 19 states, Greenply has a pan-India marketing network with over 40 branch offices and over 13,000 influencers like dealers, distributors, interior designers and retailers
- The Company established its presence across 65 countries owing to a strong marketing network
- Its ongoing investment in brand building resulted in continuous growth; it also explored digital media avenues to reach out to customers
- It introduced a structured training programme called Green Mantras, encompassing technical, analytical and soft skills training for all front-line sales employees and new recruits

Raw material Risk

UNAVAILABILITY OF KEY RAW MATERIALS COULD AFFECT BUSINESS SUSTAINABILITY	Risk mitigation:
	■ The Company's plywood facilities in Nagaland and Uttarakhand are proximate to raw material sources ■ Prompt payment and direct dealing with local timber suppliers ensure strong vendor relationships on one hand and regular supply on the other ■ A captive resin manufacturing facility safeguards against price volatility, enhances availability and reduces costs

Brand Risk

INABILITY TO KEEP PACE WITH EVOLVING PREFERENCES COULD AFFECT GROWTH	Risk mitigation:
	■ The Company has 16 Green Design Studio/Green Shoppe across the country, influencing shopping habits of customers through in-house consultants interacting and providing guidance ■ It updates interior designers and architects on new designs and finishes of laminates and decorative veneers through an architect-friendly website captioned The Architect Leadership Council ■ The Company's 'Greenply Esplanade' (in Behror unit) showcases laminates versatility

Liquidity Risk

INSUFFICIENT FUNDS COULD IMPACT DAILY OPERATIONS, AFFECTING BUSINESS GROWTH	Risk mitigation:
	■ The Company's receivable cycle remained at 65 days of turnover (64 days in 2010-11), notwithstanding a 35% jump in turnover ■ Its current and quick ratio stood at 1.06 and 0.61 respectively ■ It had a consortium of eight banks, providing working capital loans

Quality Risk

ANY DEVIATION FROM QUALITY STANDARDS COULD AFFECT GROWTH	Risk mitigation:
	■ All the Company's units are ISO 9001-certified ■ The Ecomark from BIS authorities enhanced consumer awareness in identifying environment-friendly products ■ With a strong seven-member quality team, there is strict adherence to quality parameters within the Company

Environment Risk

ANY NON-COMPLIANCE WITH ENVIRONMENTAL NORMS COULD RESTRICT GROWTH	Risk mitigation:
	■ Behror, Nalagarh, Tizit, Pantnagar, and Kriparampur units are ISO 14001 and OHSAS 18001-certified ■ The Company's pioneering initiatives resulted in the following accreditations: • First in the Indian industry and the only non-US company to be accredited with the GREENGUARD certificate for its product 'Greenlam Laminates' • First and the only one in the industry to use biomass in laminate manufacture, earning carbon credits under UNFCCC • First Indian brand to be certified with FSC (C-O-C)

Technology Risk

INABILITY TO MOVE WITH FAST CHANGING TECHNOLOGY COULD EFFECT GROWTH	Risk mitigation:
	■ The Company's Tizit (Nagaland) and Pantnagar (Uttarakhand) plywood units uses Taiwan-made core composers, enhancing product quality ■ Its MDF plant is equipped with state-of-the-art German technology ■ SAP-based ERP connects the organisation, resulting in faster work processing, accelerated and informed decision making

Product Risk

LOW PRODUCT DIFFERENTIATION COULD AFFECT BRAND APPEAL	Risk mitigation:
	■ The Company caters to all segments – from economy to premium. ■ The Company enhances the volume-value matrix signifying quality and quantity growth ■ Its capability to customise products resulted in strong customer loyalty

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 22nd Annual Report and audited accounts of the Company for the financial year ended March 31, 2012.

Financial highlights

The financial performance of the Company, for the year ended March 31, 2012 is summarised below:

(₹ in lacs)

Particulars	2011-12	2010-11
Profit before Finance Cost, Depreciation and Amortisation Expenses and Tax Expenses	17,247.28	11,612.49
Less: a) Finance Costs	6,078.21	4,426.74
b) Depreciation & Amortisation Expenses	4,677.13	4,099.42
Profit before Tax	6,491.94	3,086.33
Provision for taxation	1,150.97	577.42
Profit for the year	5,340.97	2,508.91
Add: Balance brought forward from previous years	14,472.79	12,744.40
Amount available for appropriation	19,813.76	15,253.31
Appropriations:		
Proposed dividend on equity shares	482.73	241.36
Tax on distribution of dividends	78.31	39.16
Transferred to General Reserve	700.00	500.00
Balance carried to balance sheet	18,552.72	14,472.79

Review of operations

During the year 2011-12, your Company posted a stellar performance with an impressive topline growth of 35.01% to ₹1,64,365.82 lacs from ₹1,21,741.19 lacs for the year 2010-11. Profit for the year 2011-12 increased by a whopping 112.88% to ₹5,340.97 lacs from ₹2,508.91 lacs for the corresponding preceding year. The growth in the top-line as well in the bottom-line reflects the robustness of your Company's business and corporate strategy of enhancing value for its stakeholders. This performance is particularly noteworthy when viewed against the backdrop of the challenging business context in which this was achieved, namely, the steep increase in cost of various raw materials and cost of borrowed capital.

Exports recorded a growth of 14.33% from ₹16,075.65 lacs in the previous year to ₹18,378.90 lacs in the current year.

As per the consolidated financial statements, the revenue from operation and profit for the year 2011-12 were ₹1,70,811.23 lacs and ₹5,670.64 lacs respectively.

During the year under review, the Company's topline growth of 35.01% outperformed the industry growth and the same could be achieved by streamlining the operations at the newly set-up MDF Unit at Pantnagar and the Laminate Unit at Nalagarh, higher capacity utilisation at other manufacturing Units, prudent assets utilisation synergised by recognised sales and branding capabilities. The overall performance of the Company during 2011-12, amid adverse economic scenario, vindicates the effectiveness of the abilities and prudency of Greenply's management in better exploitation of the business opportunities.

During 2011-12, your Company continued its efforts in the area of product integration and deeper market penetration. Your Company continued to expand its export markets for laminates during 2011-12. Over the years, your Company has steadily grown as an interior infrastructure solutions provider, offering the entire gamut of product to satisfy customers' diverse requirement viz. plywood, laminates, decorative veneers and medium density fibreboard (MDF). Your Company is present across different price points to cater to all customers across high-end, mid-market and value segments.

Dividend

Your Directors recommend a final dividend of 40% i.e. ₹2.00 per share (previous year ₹1.00 per share) on the Company's 2,41,36,374 equity shares of ₹5.00 each for 2011-12. The final dividend on the equity shares, if declared as above, would involve an outflow of ₹482.73 lacs towards dividend and ₹78.31 lacs towards dividend tax, resulting in a total outflow of ₹561.04 lacs.

Outlook and expansion

The Company's outlook remains favourable on account of its product integration, growing brand popularity and the continuous support from its employees, shareholders, creditors, consumers, dealers and lenders. The Company's vision is to be a one-stop solution for all interior infrastructure products (in its field of operation) in the country.

The Company's pan-India distribution network ensures easy availability of products in almost every part of India.

Civil construction works and erection of plant and machineries are in process in respect of the expansion of production capacity of the Plywood Unit of the Company situated at GIDC Estate, Bamanbore, Surendranagar, Gujarat. The said expansion is expected to commence commercial production by September, 2012.

Your Directors are confident of achieving significantly better results in the coming years.

Subsidiaries

Greenlam Asia Pacific Pte. Ltd., Singapore and Greenlam America, Inc., USA, continued to be wholly-owned subsidiaries of the Company. Greenlam Asia Pacific Pte. Ltd. continues to explore new markets for your Company's laminates in South-east Asian countries and Greenlam America, Inc., continues to market high-pressure laminates in North and South America.

Further, during the year under review Greenlam Asia Pacific Pte. Ltd., Singapore, has acquired two subsidiaries in Thailand viz. Greenlam Asia Pacific (Thailand) Co., Ltd. and Greenlam Holding Co., Ltd. and accordingly the said two Thailand companies have become step-down subsidiaries of Greenply Industries Limited. These two step-down subsidiaries are engaged in the business of marketing and distribution of high-pressure laminates in Thailand.

The following may be read in conjunction with the consolidated financial statements enclosed with the accounts. Ministry of Corporate Affairs, Government of India vide General Circular No: 2/2011 dated February 08, 2011 has granted general exemption by directing that the provisions of Section 212 of the

Companies Act, 1956 shall not apply in relation to subsidiaries of those companies which fulfil certain conditions mentioned in the said circular. Accordingly, by fulfilling the conditions mentioned in the said circular, the balance sheet, profit and loss account and other documents of the subsidiaries are not attached with the Company's accounts. As required by the said circular, the financial information of the subsidiaries are being disclosed in the Annual report and the Company will make available the annual accounts of the subsidiaries and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiaries will also be kept open for inspection by any shareholders at the Company's registered office and that of the respective subsidiaries. The consolidated financial statements presented by the Company include financial results of the subsidiaries. A statement of holding Company's interest in subsidiaries is also furnished.

Consolidated financial statements

The consolidated financial statements comprising financial statements of the Company and its subsidiaries are also annexed.

Transfer to General Reserve

Your Directors propose to transfer ₹700.00 lacs to the General Reserve.

Utilisation of proceeds from warrant conversion

On March 24, 2011, the Company allotted 20,39,694 equity shares of ₹5/- each at a premium of ₹137/- per equity share on account of conversion of 20,39,694 detachable warrants issued and allotted on October 16, 2009 pursuant to the Letter of Offer dated September 14, 2009 and received ₹2924.64 lacs (including ₹28.27 lacs brought in by promoters/promoter group as advised by stock exchanges under instruction from SEBI) from the said conversion of detachable warrants. The said proceeds have been fully utilised towards the purposes as detailed below.

Particulars	Amount (₹ in lacs)
MDF project	1,985.42
Laminate project	104.66
General corporate purposes	834.13
Issue expenses	0.43
Total	2,924.64

Directors

At the ensuing Annual General Meeting, Mr. Shiv Prakash Mittal and Mr. Moina Yometh Konyak shall retire by rotation and being eligible, offer themselves for reappointment.

Further, the Remuneration Committee, subject to approval of members of the Company, has reappointed Mr. Shiv Prakash Mittal as Executive Chairman for a period of five years with effect from February 01, 2012. Necessary resolution is being placed for approval of members in respect of the above reappointment made by the Remuneration Committee.

None of the directors of your Company is disqualified under the provisions of Section 274(1)(g) of the Companies Act, 1956.

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 that:

1) In preparation of the annual accounts, applicable accounting standards were followed.
2) The Directors selected such accounting policies and applied them consistently and made reasonable and prudent judgments and estimates to provide 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 financial year.
3) The Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the Company's assets and for preventing and detecting fraud and other irregularities.
4) The Directors prepared the annual accounts on a going concern basis.

Insurance

Your Company's properties, including building, plant, machineries and stocks, among others, are adequately insured against risks.

Public deposits

During 2011-12, the Company did not invite or accept any deposits from the public under Section 58A of the Companies Act, 1956.

Auditors and their report

M/s. D. Dhandaria & Company, Chartered Accountants, statutory auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company received a certificate from them to the effect that the reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and, therefore, do not call for further clarification.

Cost Auditors

Pursuant to the order no. F.No. 52/26/CAB-2010 dated June 30, 2011 issued by the Central Government in terms of the provisions of Section 233B of the Companies Act, 1956, audit of cost records in respect of the "Decorative Laminates" (covered under chapter code 4823 90 19 of relevant chapter heading 48 of the Central Excise Tariff Act, 1985) manufactured in the Company's units situated at Behror (Rajasthan) and Nalagarh (Himachal Pradesh) be carried from the financial year 2011-12. The Central Government has approved the appointment of M/s. D. RADHAKRISHNAN AND CO., Cost Auditors, of 11A Dover Lane, Flat -B1/34, Kolkata-700 029 as cost auditors for conducting Cost Audit for the financial year 2011-12.

Corporate Governance report

A detailed report on Corporate Governance pursuant to Clause 49 of the Listing Agreement with stock exchanges, along with an Auditors' Certificate on compliance with the conditions of Corporate Governance, is annexed to this report.

Management discussion and analysis report

The management discussion and analysis report for the year 2011-12, pursuant to Clause 49 of the Listing Agreement with stock exchanges is given as a separate statement in the annual report.

CEO and CFO certification

Pursuant to the requirement of Clause 49 of the Listing Agreement, the CEO and CFO certification is attached with the annual report. The Joint Managing Director and CEO and the Chief Financial Officer also provide quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

Annexure to the Directors' Report

Code of Conduct for Directors and senior management personnel

The Code of Conduct is posted on the Company's website. The Joint Managing Director & CEO of the Company has given a declaration that all Directors and senior management personnel concerned affirmed compliance with the code of conduct with reference to the year ended on March 31, 2012. Declaration is attached with the annual report.

Particulars of employees

Details of remuneration paid to employees pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time is annexed to this report.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, as 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 annexed with this report.

Acknowledgement

Your Directors place on record their sincere thanks and appreciation for the continuing support of financial institutions, consortium of banks, vendors, clients, investors, central government, state governments and regulatory authorities. Directors also place on record their heartfelt appreciation for employees of the Company for their dedication and contribution.

On behalf of the Board of Directors

Place: Kolkata
Date: May 30, 2012

S. P. Mittal
Executive Chairman

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. Conservation of energy

(a) The Company adopted the following measures towards conservation of energy

- Reduced dependence on traditional energy sources by upgrading the fluidised combustion system, which consumes agro waste. This was an achievement in non-traditional energy generation. It was also proved to be cost-effective.
- Periodically checked and supervised the electric distribution network and took corrective and proactive measures to maximise energy usage, ensuring an effective and efficient system of energy distribution.
- Installed an Ogden pump to transfer hot water condensation into the system without using power.
- Installation of Variable Frequency Drives for all pumps and blowers for optimum consumption of electric energy as per variable volumes to handle.
- Installation of Auto Voltage Regulator to minimise lighting/distribution losses.
- Used lower capacity compressors instead of higher-rated ones.
- Installation of highly efficient electronic ballast, motors, lightings and fans.
- Installed turbo ventilators, which run on wind velocity.
- Used flue gases in MDF dryer to increase boiler efficiency up to 95%.
- Installation of effluent recycling system for conservation of water.
- Utilising treated effluent for gardening for water conservation.
- Using thermal imaging camera for monitoring of the power cables and rotating equipments for their requisite operating parameters for maximum efficacy at lower power consumption

(b) Additional investments and proposals, if any

The Company is considering additional investments and proposals for further conservation of energy.

(c) Impact of measures taken

Energy conservation measures stated above have resulted in gradual savings.

(d) Total energy consumption and energy consumption per unit of production

Particulars relating to energy consumption and other details are not being provided because the Company is not on the list of industries specified for this purpose.

B. Technology absorption

a) Research and development (R&D)

1. Areas of R&D activities

- The Company is carrying out research to increase the mechanical properties of plywood.
- The Company is focusing on R&D activities for developing new products, designs, processes and improvement of systems in existing products/process.
- The Company is working on to control formaldehyde emission from plywood and MDF by improved glue formulation.

2. Benefits of the R&D exercises

- Improved product quality and increased timber recovery.
- Cost reduction, technology upgradation.
- Strengthened market leadership status.
- Reduced manufacturing and delivery time.
- Catering to changing/unique needs of customers.

3. Future strategy

- Emphasising on the R&D for making new products and creating better processes.
- Improve the quality of existing products.
- Improve interaction with research institutions.
- Improve properties of materials.

4. Expenditure on R&D

(₹ in lacs)

Capital	7.90
Revenue	13.66
Total	**21.56**
Total R&D expenditure as a percentage of net turnover (%)	0.01

b) Technology absorption, adoption and innovation

1. Steps adopted

- Setting up a quality assurance cell to ensure the dispatch of only goods produced under strict process control with specific standard notifications from the factory.
- Participating in national and international conferences, seminars and exhibitions.
- Analysing feedback from users to improve products and services.

2. Benefits of the steps adopted

- Improved product quality, leading to a rise in the Company's brand value.
- Expanded product range.
- Improved processes and product quality, performance and reliability to attain global standards and maintaining the leadership position.

3. Technology improvement

- The Company did not have the need to import technology or forge technical collaborations in the last five years.

c) Foreign exchange earnings and outgo

1. Efforts: The Company regularly participates in international exhibitions and carries out market survey and direct mail campaigns. It is intensifying focus on selected countries and also exploring new markets. The Company is continuously exploring avenues to increase exports.

2. Earnings and outgo: (₹ in lacs)

	2011-12	2010-11
Earnings on account of:		
a) FOB value of exports	16,950.31	13,749.87
Total	**16,950.31**	**13,749.87**
Outgo on account of:		
a) Raw-materials and consumables	34,954.48	22,864.00
b) Capital goods	259.23	776.73
c) Traded goods	2,344.58	195.85
d) Others	285.67	1,786.30
Total	**37,843.96**	**25,622.88**

On behalf of the Board of Directors

Place: Kolkata
Date: May 30, 2012

S. P. Mittal
Executive Chairman

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and rules made there under forming part of Director's Report for the year ended March 31, 2012

Sl. No.	Name	Age (years)	Designation/ nature of duties	Remuneration (₹)	Qualification	Experience in years	Date of employment	Last employment
1.	Mr Shiv Prakash Mittal	63	Executive Chairman	1,51,99,200.00	B. Sc.	39	February 01, 2007	Himalaya Granites Ltd
2.	Mr Rajesh Mittal	49	Managing Director	1,48,92,000.00	B.Com	28	January 01, 1991	Not Applicable
3.	Mr Saurabh Mittal	36	Joint Managing Director and CEO	1,47,33,600.00	B. Com	14	April 01, 2002	Himalaya Granites Ltd
4.	Mr Shobhan Mittal	32	Executive Director	1,47,24,000.00	BBA	7	September 01, 2006	Worthy Plywoods Ltd
5.	Mr Rakesh Kumar Budhiraja	57	President-Finance (Decorative Div.)	71,32,764.00	FCA, FCS, LLB & MBA	31	May 24, 2010	Dunlop India Ltd.
6.	Mr Sudeep Jain	49	Business Head (EPD)	77,85,840.00	CA	24	May 26, 2009	Lion Forestry Ltd

Notes:

1. Remuneration shown above includes salary, allowances, cost of accommodation, medical reimbursement, contribution to provident fund and other perquisites as per the terms of employment.
2. All the employees have requisite experience to discharge the responsibility assigned to them.
3. Nature and terms of employment are as per resolution/appointment letter.
4. None of the employees own 2% or more of the equity shares of the Company as on March 31, 2012 within the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of Section 217 of the Companies Act, 1956.
5. Within the meaning of Section 6 of the Companies Act, 1956 (a) Mr Shiv Prakash Mittal and Mr Rajesh Mittal (b) Mr Shiv Prakash Mittal, Mr Saurabh Mittal and Mr Shobhan Mittal, are related to each other.

Management discussion and analysis

Indian furniture industry

The furniture industry in India is valued at around ₹71,000 crore. The organised sector comprises just 15%, with unorganised players accounting for the rest. Backed by growing real estate, tourism and hospitality sectors on the one hand and lifestyle product consumption on the other, the Indian furniture manufacturing industry is expected to grow 13-15% over the next five years.

Opportunities and threats

Opportunities

Rising per capita income: Per capita income increased from ₹35,430 in 2007-08 to ₹46,492 in 2009-10 and ₹54,527 in 2010-11. India's per capita income was estimated to have risen 14.3% to ₹60,972 in 2011-12 *(Source: Deccan Herald)*. Private final consumption expenditure (PFCE) is expected to scale up from USD 790 bn in 2010 to USD 3.6 tn by 2020 *(Source: ENAM)*

Young population: India has a young population (63% people below 59 years; average age 24 years), leading to higher disposable incomes in the hands of those with aspirations for a better lifestyle. Among the BRIC nations, India is expected to remain the youngest with a working-age population estimated to rise to 70% of the total population by 2030 – the largest such population component globally.

Rising urbanisation: Though urban India accounts for 37% of the population, it accounts for 70% of the total income. India is the world's fastest urbanising country with the UN estimating 40% of India's population to live in urban areas by 2030, primarily owing to improved employment prospects, rising income levels and growing nuclear families.

Rising proportion of the consumer class: The Indian middle-class is projected to grow from 83 mn in 2010 to 114 mn by 2025, making it the largest middle-class population pool globally. The dependency ratio in Indian families decreased from 58% in 2005 to 55% in 2010 and is further expected to decline to 52% in 2015 and 49% in 2020 *(Source: ENAM)*

Nuclear families: The average increase in middle-class nuclear families is estimated to be over 300 mn. The average household size decreased from 4.6 to 4.1 in the past decade with an increase in average dwelling sizes from 41 sq. mtrs/unit to 48. The same momentum is expected to continue in the future as well *(Source: ENAM)*

Real estate growth drivers: At Greenply, we recognise that the health of the real estate market influences the size and scope of the interior infrastructure industry. India's real estate sector is expected to grow to USD 180 bn by 2020. The housing sector contributes 5-6% of India's GDP

Semi-urban demand: Real estate demand in Tier-II and III towns and cities accelerated in line with the need for superior lifestyles. Cities like Bhopal, Bhubaneshwar, Coimbatore, Indore, Jaipur, Lucknow, Surat, Vadodara and Visakhapatnam are expected to add over 354 mn sq. ft of residential space in three years with sales expected to generate ₹180 bn in the next eight years. An increasing number of corporates are shifting focus to Tier-II and III cities, which accounted for over 61% of the total job creation in India in 2010-11 *(Source: ENAM)*

Premium housing: The networth of HNIs in India is expected to increase from ₹45 tn in 2010-11 to ₹235 tn by 2015-16, widening the market for premium housing. A report by Kotak indicates that HNIs use a fifth of their earnings for investments, of which 37% is in real estate.

Commercial office space and retail sector: Office space supply in the top seven Indian cities is expected to reach 243.5 mn sq. ft (msf) in 2011-15. During the same period, malls and other retail space are expected to account for 57 msf and 112.57 msf, respectively *(Cushman and Wakefield)*.

Hospitality: Tourist arrivals in India increased from 5.78 mn in 2010 to 6.29 mn in 2011 and expected to touch 11.1 mn by 2021, leading to an additional demand for 150,000 hotel rooms in five years (Source: CARE). During 2010-13, the Indian hotel room market for 10 major cities is estimated to grow from ₹74 bn to ₹119 bn, translating to a 17% CAGR.

Healthcare: India needs to add 1.8 mn beds and 700,000 doctors by 2025 to reach its targeted ratio of two beds per 1,000 people and one doctor per 1,000 patients, with an investment outlay of USD 86 bn *(Source: IBEF)*.

Threats

- Cheap imports
- Competition from both unorganised and other organised players, leading to difficulties in improving market share
- Shortage of primary raw material (wood fibre)
- Stringent regulatory norms regarding concerns over the environment

Segment-wise performance

Plywood and allied products

Highlights, 2011-12

- Grew 11% in value terms and 9.95% in volume terms
- Achieved overall capacity utilisation of 113% on enhanced capacity of 28.35 million sq. mtr
- Increased production from 29.70 million sq. mtr in 2010-11 to 32.14 million sq. mtr
- Enhanced sales from 34.58 million sq. mtr in 2010-11 to 38.02 million sq. mtr
- Increased rural revenues from ₹63 crore in 2010-11 to ₹78 crore
- Launched one new value-added product 'Green Compressed Wood Plate'.
- Started producing pine base block boards, a cheaper substitute with a similar application of plywood
- Scaled daily flush door manufacturing to 850 pieces from 700 pieces in 2010-11 at the Pantnagar unit.

Medium density fibreboard (MDF)

Highlights, 2011-12

- The average capacity utilisation stood at 65% against 15% in the previous year
- Engaged foreign consultants to improve productivity and streamline operations.
- Conducted research based on market feedback to offer unique products in terms of size, outperforming competitors
- Offered a product focused on photo lamination, a burgeoning market for MDF boards with Greenply being the only player providing quality products in various dimensions
- Increased production to 19508 cubic metres in the short cycle segment, the pre-lamination area within the MDF unit
- Pioneered and launched veneered MDF boards in India, opening avenues for large furniture makers. The product is cost-effective, reducing the application time
- Conducted trials for doors where the frame is made of MDF and the filler is of honey comb panels. A relatively low-cost product to be launched in 2012-13

Laminates and allied products

Highlights, 2011-12

Laminates

- Production increased from 9.37 million sheets in 2010-11 to 9.92 million sheets
- Average realisation increased from ₹480 per sheet in 2010-11 to ₹558 per sheet
- Capacity utilisation stood at 99% against 94% in the previous year.

- Exports grew 16.03% from ₹157.35 crore in 2010-11 to ₹182.58 crore
- Launched 4 new Green Design Studios in 2011-12.
- Streamlined operations at the newly established Nalagarh facility, which reported a capacity utilisation of 91%

Decorative veneers

- Increased average realisation from ₹723 per sq. mtr in 2010-11 to ₹833 per sq. mtr

Information Technology

In the contemporary business environment, information equates to power. Embracing information technology provides an edge over competitors, enhances productivity and increases customers. Moreover, organisations need to evolve to focus on ways to do more with less.

During the year under review, the Company rolled out various Intranet-based applications used by employees and customers in addition to the ESS Portal. The application targeted three areas - information access, specific data entry modules and employee grievances. As a result, the speed to respond and resolve employee services improved.

The use of Unified Communications technology helped drive business operations, reduce cost and enhances efficiency.

Risks and concerns

At the core of the Company's risk-mitigating initiatives, there is a comprehensive and integrated risk management framework, which comprises stringent norms and regulations along with a prudent control mechanism. The risk management approach conforms to the company's strategic direction, which is in line with shareholders' desired total returns, the company's credit ratings and its desired risk appetite.

Internal control systems and their adequacy

At Greenply, stringent internal control systems and procedures checked the unauthorised use of products, ensuring optimal resource utilisation. The Company conducted regular and extensive checks at every stage of its production and dispatch cycle to ensure strict operational and quality compliance. An Audit Committee, headed by a Non-Executive Independent Director, periodically reviewed audit observations.

Financial and operational performance

Greenply's net turnover recorded a jump of 35.05% to ₹1642.27 crore. The Company's operating profit (after adjusting currency gains and other income) increased by 57.45% to ₹183.34 crore from ₹116.44 crore in 2010-11. The Company's PAT increased 112.87% to ₹53.41 crore from ₹25.09 crore in 2010-11.

Human resources

Greenply encourages a continuous learning environment, promoting meritocracy. The employees underwent both functional and behavioural training that would eventually result in improved productivity; other initiatives comprised a regularised recruitment process as well as a fair and unbiased performance appraisal system with an inbuilt feedback system.

On behalf of the Board of Directors

Place: Kolkata
Date: May 30, 2012

S. P. Mittal
Executive Chairman

Corporate Governance Report

(As required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. Company's philosophy on the code of Corporate Governance

The Company has complied with the principles and practices of sound Corporate Governance. The Company's philosophy is to attain transparency and accountability in its relationship with employees, shareholders, creditors, consumers, dealers and lenders, ensuring a high degree of regulatory compliance. Your Company firmly believes that a sound governance process represents the foundation of corporate excellence.

2. Board of Directors

Composition:

The Board comprises 10 directors headed by an Executive Chairman.

- Four executive promoter directors.
- One non-executive independent director, nominee of the IDBI Bank Ltd. (lender).
- Five non-executive independent directors.

The composition of the Board is in accordance with Clause 49 of Listing Agreement entered into with the Stock Exchanges.

Board meetings:

During 2011-12, six board meetings were held on May 17, 2011, May 30, 2011, July 19, 2011, October 31, 2011, December 09, 2011 and February 02, 2012.

The composition of the Board of Directors and their attendance at the board meetings and at the last Annual General Meeting and also the number of other Boards or Board Committees in which the directors are holding the position of member/chairperson as follows:

Name of the Directors and Director Identification Number (DIN)	Category of Directorships	No. of Board meetings		Attendance at last AGM	No. of outside directorships held*		No. of outside committees	
		Held	Attd.		Public	Private	Member	Chairman
Mr. Shiv Prakash Mittal (DIN 00237242)	Executive Chairman-Promoter Director	6	5	Yes	–	1	–	–
Mr. Rajesh Mittal (DIN 00240900)	Managing Director-Promoter Director	6	3	No	–	3	–	–
Mr. Saurabh Mittal (DIN 00273917)	Joint Managing Director & CEO- Promoter Director	6	3	No	2	3	–	–
Mr. Shobhan Mittal (DIN 00347517)	Executive Director-Promoter Director	6	1	No	–	5	–	–
Mr. Moina Yometh Konyak (DIN 00669351)	Non-Executive–Independent Director	6	1	Yes	–	–	–	–
Mr. Gautam Dutta (DIN 02335468)	Nominee of IDBI Bank Ltd.(lender)	6	4	No	–	–	–	–
Mr. Susil Kumar Pal (DIN 00268527)	Non-Executive-Independent Director	6	6	Yes	2	–	6	1
Mr. Vinod Kumar Kothari (DIN 00050850)	Non-Executive-Independent Director	6	4	No	4	7	6	1
Mr . Anupam Kumar Mukerji (DIN 00396878)	Non-Executive-Independent Director	6	4	No	–	–	–	–
Ms. Sonali Bhagwati Dalal (DIN 01105028)	Non-Executive-Independent Director	6	–	No	–	3	–	–

**including directorship in foreign companies.*

Information supplied to the Board of Directors:

During 2011-12, all necessary information, as required under the provisions of the Companies Act, 1956, Corporate Governance and other applicable laws and rules were placed and discussed at the board meetings.

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting:

Name of the Director	Mr. Shiv Prakash Mittal	Mr. Moina Yometh Konyak
Father's Name	Late Sanwarmal Palriwal	Late Moina Konyak
Date of Birth	April 07, 1949	August 02, 1957
Date of Appointment	July 29, 1991	April 16, 1996
Expertise in specific functional areas	Mr. Shiv Prakash Mittal, a founder of Greenply Industries Limited, possesses over thirty years of experience in the fields of production and marketing of plywood and laminates.	Mr. Moina Yometh Konyak was associated with his family business of trading in timber prior to joining our Company. He has more than twenty years of experience in the timber business.
Qualification	B.Sc.	B. Com
List of outside directorship held excluding alternate directorship	Prime Holdings Private Limited	Nil
Chairman/member of the committee of the Board of Directors of the Company	**Chairman:** Nil **Member:** Operational Committee Audit Committee	**Chairman:** Nil **Member:** Nil
Chairman/member of the committee of the Board of Directors of other companies in which he/she is a director	Nil	Nil
Number of equity shares held in the company	378000	Nil

Disclosures of relationships between directors:

Name of the Directors	Category of Directorship	Relationship between directors
Mr. Shiv Prakash Mittal	Executive Chairman-Promoter Director	Mr. Rajesh Mittal (Brother) Mr. Saurabh Mittal (Son) and Mr. Shobhan Mittal (Son)
Mr. Rajesh Mittal	Managing Director- Promoter Director	Mr. Shiv Prakash Mittal (Brother)
Mr. Saurabh Mittal	Joint Managing Director & CEO-Promoter Director	Mr. Shiv Prakash Mittal (Father) and Mr. Shobhan Mittal (Brother)
Mr. Shobhan Mittal	Executive Director-Promoter Director	Mr. Shiv Prakash Mittal (Father) and Mr. Saurabh Mittal (Brother)
Mr. Moina Yometh Konyak	Non-Executive- Independent Director	None
Mr. Gautam Dutta	Nominee of IDBI Bank Ltd.(lender)	None
Mr. Susil Kumar Pal	Non-Executive- Independent Director	None
Mr. Vinod Kumar Kothari	Non-Executive- Independent Director	None
Mr. Anupam Kumar Mukerji	Non-Executive- Independent Director	None
Ms. Sonali Bhagwati Dalal	Non-Executive- Independent Director	None

3. Code of Conduct

Details of the Code of Conduct for Board members and senior management of the Company is available on the Company's website www.greenply.com. Annual declaration by the Joint Managing Director & CEO of the Company pursuant to Clause 49(I)(D) of the Stock Exchange Listing Agreement is attached with the Annual Report.

4. Audit Committee

Composition:

The Company's Audit Committee comprises four non-executive independent directors, and two executive- promoter director. The Company Secretary acts as a secretary to the Audit Committee.

Mr. Susil Kumar Pal, Chairman

Mr. Shiv Prakash Mittal

Mr. Gautam Dutta

Mr. Vinod Kumar Kothari

Mr. Anupam Kumar Mukerji and

Mr. Saurabh Mittal

The members of the committee are well-versed in matters relating to finance, accounts and general management practices.

Powers and role of the Audit Committee:

Powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain external, legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it is considered necessary.

Role:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

■ Approval of payment to statutory auditors for any other services rendered by them.

■ Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

a) Matters required in the Director's Responsibility Statement, to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.

b) Changes, if any, in accounting policies, practices and reasons for the same.

c) Major accounting entries involving estimates based on the exercise of judgment by management.

d) Significant adjustments made in the financial statements arising out of audit findings.

e) Compliance with listing and other legal requirements relating to financial statements.

f) Disclosure of any related party transactions.

g) Qualifications in the draft audit report.

■ Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

■ Reviewing, with the management, the statement of uses/applications of funds raised through an issue (public issue, right issue, preferential issue, among others), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public/right issue, and making the appropriate recommendation to the Board to take up steps in this matter.

■ Reviewing, with the management, performance of statutory and internal auditors, the adequacy of the internal control systems.

■ Reviewing the adequacy of internal audit functions, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

■ Discussion with internal auditors any significant findings and follow up there on.

■ Reviewing the findings of investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

■ Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain areas of concern.

■ To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

■ To review the functioning of the whistleblower mechanism, in case it is existing.

■ Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

■ Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

Review of information by the Audit Committee:

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial conditions and results of operations.
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management
3. Management letter/letters of internal control weaknesses issued by the Statutory Auditors.
4. Internal audit reports relating to internal control weaknesses and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

Meetings and Attendance:

During 2011-12, four meetings of the audit committee were held on May 30, 2011, July 19, 2011, October 31, 2011 and February 02, 2012.

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Susil Kumar Pal	Non-executive, Independent director	4	4
Mr. Shiv Prakash Mittal	Executive-Promoter director	4	3
Mr. Gautam Dutta	Non-executive Independent director	4	4
Mr. Saurabh Mittal	Executive-Promoter director	4	3
Mr. Anupam Kumar Mukerji	Non-executive Independent director	4	3
Mr. Vinod Kumar Kothari	Non-executive Independent director	4	2

5. Subsidiary companies

The Company has two overseas wholly-owned subsidiaries viz. Greenlam Asia Pacific Pte. Ltd. and Greenlam America, Inc.

Greenlam Asia Pacific Pte. Ltd. explores new markets for our laminates in South-east Asian countries. Greenlam America, Inc. is engaged in the marketing and distribution of our high-pressure laminates in North and South America.

Further, during the year under review Greenlam Asia Pacific Pte. Ltd. has acquired two subsidiaries in Thailand viz. Greenlam Asia Pacific (Thailand) Co., Ltd. and Greenlam Holding Co., Ltd. and accordingly the said two Thailand companies have become step-down subsidiaries of Greenply Industries Limited. These two step-down subsidiaries are engaged in the business of marketing and distribution of high-pressure laminates in Thailand.

6. Remuneration Committee

Composition:

Mr Susil Kumar Pal, Chairman

Mr Anupam Kumar Mukerji, Member

Mr. Vinod Kumar Kothari, Member (w.e.f. July 19, 2011) and

Mr Gautam Dutta, Member (upto May 30, 2011)

All the above mentioned-directors are Non-executive Independent Directors.

Terms of Reference:

■ To determine the Company's policy on remuneration package for Executive Directors and any compensation payment.

■ To discuss, approve the appointment, re-appointment of Executive Directors, Managing Directors and also to fix their remuneration packages and designation.

Meetings and Attendance:

During 2011-12, two meetings of the Committee were held on May 30, 2011 and January 25, 2012.

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Susil Kumar Pal, Chairman	Non-executive-independent director	2	2
Mr. Anupam Kumar Mukerji	Non-executive-independent director	2	1
Mr. Vinod Kumar Kothari	Non-executive-independent director	1	1
Mr. Gautam Dutta	Non-executive-independent director	1	1

Remuneration Policy, Details of remuneration and other Terms of appointment of directors:

In framing the remuneration policy, the Committee takes into consideration the remuneration practices prevailing in the industry and performance of the concerned directors. The remuneration package is as per the provisions of the Companies Act, 1956. No sitting fee is paid to the Executive Directors for attending the Board Meetings or Committee meeting thereof. The necessary approvals were obtained from shareholders wherever required.

There was no materially relevant pecuniary relationship or transaction of the non-executive directors vis-à-vis the Company, which may affect the independence of the directors. The Company has not granted any stock option to its directors.

(I) Executive Directors

The details of remuneration including commission to all Executive Directors for the year ended March 31, 2012 are as follows and the same is within the ceiling prescribed under the applicable provisions of the Companies Act, 1956.

Name and Designation	Service Contract/ Notice Period*	Salary (₹)	Commission (₹)	Perquisites and other allowances (₹)
Mr. Shiv Prakash Mittal (Executive Chairman)	Re-appointed for 5 years w.e.f. February 01, 2012	71,23,200	64,92,000	15,84,000
Mr. Rajesh Mittal (Managing Director)	Re-appointed for 5 years w.e.f. January 01, 2011	63,84,000	64,92,000	20,16,000
Mr. Saurabh Mittal (Joint Managing Director & CEO)	Re-appointed for 5 years w.e.f. September 01, 2011	52,41,600	64,92,000	30,00,000
Mr. Shobhan Mittal (Executive Director)	Re-appointed for 5 years w.e.f. September 01, 2011	40,32,000	64,92,000	42,00,000

*The appointment may be terminated by either party by giving three months' notice or salary in lieu thereof or by mutual consent.

(II) Non-executive Directors

The details of sitting fees and annual commission to Non-executive Directors for the financial year 2011-12 are as follows:

Name	Service Contract/ Notice Period	Sitting Fees paid (₹)	Commission payable (₹)	Number of shares held in the Company
Mr. Moina Yometh Konyak	Retire by rotation	10,000	4,00,000	Nil
Mr. Gautam Dutta	Nominee director	60,000*	Not Applicable	Nil
Mr. Susil Kumar Pal	Retire by rotation	85,000	4,00,000	Nil
Mr. Vinod Kumar Kothari	Retire by rotation	55,000	4,00,000	Nil
Mr. Anupam Kumar Mukerji	Retire by rotation	60,000	4,00,000	Nil
Ms. Sonali Bhagwati Dalal	Retire by rotation	Nil	4,00,000	Nil

*Paid to IDBI Bank Limited

7. Share Transfer and Investors Grievance Committee

Composition:

The Share Transfer and Investors Grievance Committee comprises two promoter directors and two non-executive independent Directors.

Mr. Anupam Kumar Mukerji, Chairman

Mr. Rajesh Mittal

Mr. Saurabh Mittal and

Mr. Susil Kumar Pal

Mr Kaushal Kumar Agarwal, company secretary, acts as the secretary to the Committee and compliance officer of the Company.

The Committee deals with matters relating to approval of transfers and transmissions, issue of duplicate share certificates, split and consolidation of certificates, dematerialisation and rematerialisation requests and monitoring of shareholder complaints.

The table gives the number of complaints received, resolved and pending during the year 2011-12.

Number of complaints:

Received	Resolved	Pending
57	57	Nil

During 2011-12, one meeting was held on December 26, 2011 and the attendances of member directors were as follows:

Name of the Members	Category	No. of Meetings	
		Held	Attended
Mr. Anupam Kumar Mukerji	Non-executive-independent director	1	1
Mr. Rajesh Mittal	Executive-promoter director	1	Nil
Mr. Saurabh Mittal	Executive-promoter director	1	1
Mr. Susil Kumar Pal	Non-executive-independent director	1	Nil

8. Operational Committee

The Committee comprises Mr. Shiv Prakash Mittal, Mr. Rajesh Mittal, Mr. Saurabh Mittal and Mr. Susil Kumar Pal. The Committee meets as and when required to consider matters assigned to it by the Board of Directors from time to time.

9. Right Issue Committee

The Right Issue Committee of the Company, which was constituted to exercises various powers relating to issue and allotment of equity shares and detachable warrants under the rights issue of the Company in accordance with its terms of reference determined by the Board of Directors of the Company from time to time, was dissolved by the Board of Directors w.e.f. May 30, 2011. However, the details of the Rights Issue Committee prior to dissolution were as below.

The Committee comprised of three promoter directors and two non-executive independent directors.

Mr. Shiv Prakash Mittal, Chairman

Mr. Rajesh Mittal

Mr. Saurabh Mittal

Mr. Susil Kumar Pal and

Mr. Vinod Kumar Kothari

Mr. Kaushal Kumar Agarwal, Company Secretary & Vice President-Legal of the Company, acted as the secretary and compliance officer of the Right Issue Committee.

There was no meeting of the Right Issue Committee during 2011-12.

10. General Body Meetings

i. The details of last three Annual General Meetings of the shareholders are as under:

Financial year ended	Date of AGM	Venue	Time
March 31, 2011	19-08-2011 (21st AGM)	Makum Road, Tinsukia, Assam - 786 125	10:00 A.M.
March 31, 2010	06-08-2010 (20th AGM)	Makum Road, Tinsukia, Assam - 786 125	10:00 A.M.
March 31, 2009	07-08-2009 (19th AGM)	Makum Road, Tinsukia, Assam - 786 125	10:00 A.M.

ii. Special resolutions passed at the last three Annual General Meetings are as below:

■ At the 21st Annual General Meeting held on August 19, 2011

Nil

■ At the 20th Annual General Meeting held on August 06, 2010

Resolution under Section 309(4) of the Companies Act, 1956 for increasing the payment of commission to all Non-executive Directors excluding Nominee Directors with effect from the financial year 2010-11.

■ At the 19th Annual General Meeting held on August 07, 2009

Resolution under Section 31 of the Companies Act, 1956 for alteration of Article 64(1)(b) of the Articles of Association of the Company relating to minimum offer period for making an offer of shares to the existing shareholders of the Company.

iii. No special resolution was passed through postal ballot during the last year. Also no special resolution is proposed to be conducted through postal ballot so far.

11. Disclosures

a) The Company does not have related party transactions, which may have potential conflict with the interest of the Company at large. Further, the statutory disclosure requirements relating to related party transactions have been complied in the Annual Accounts.

b) The financial statements have been made in accordance with the Accounting Standards so as to represent a true and fair view of the state of the affairs of the Company.

c) The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedure, which are periodically reviewed.

d) No penalties or strictures were imposed on the Company by the stock exchanges or SEBI or any statutory authority on any matter related to the capital market during the last three years.

e) The Company complied with all the mandatory requirements as prescribed and made considerable progress towards adopting the non-mandatory, whistle blower policy, in the Company. However, no person has been denied access to the Audit Committee.

f) In addition to Directors' Report, a Management Discussion and Analysis Report form part of the Annual Report to the shareholders. All key managerial personnel and senior management have confirmed that they do not have any material, financial and commercial interest in transactions with the Company that may have a potential conflict with the interest of the Company at large.

12. Adoption of non-mandatory requirements

The Company has complied with the non-mandatory requirements of Clause 49 of the Listing Agreement with regards to constitution of Remuneration Committee.

13. Means of communication

The quarterly/half-yearly/annual financial results of the Company are sent to stock exchanges immediately after they are approved by the Board of Directors. These are also published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board in which they are considered, in English newspaper circulating the whole or substantially the whole of India and in one vernacular newspaper of the state where the registered office of the Company is situated. In addition, these results are simultaneously posted on the Company's website. The official press releases are also available on the Company's website.

Details about the means of communication:

Recommendation	Compliance
Quarterly/Annual results	Published in leading newspapers
Newspapers wherein results are normally published	Ajir Assam or Amar Assam (Assamese daily) The Economic Times Hindu Business Line etc.
Any website, where displayed	www.greenply.com
Whether it also displays official news releases and presentation made to institutional investors or to the analysts.	Yes

14. General shareholders' information

i. Date, time and venue of the Annual General Meeting	August 24, 2012 10:00 a.m. at the Regd. Office of Greenply Industries Ltd. Makum Road, P.O. Tinsukia, Assam -786 125
ii. Financial Year	Financial year of the Company is from April 01 to March 31 Publication of results for the financial year 2012-13 (tentative and subject to change) First quarter results: On or before August 14, 2012 Second quarter and half year results: On or before November 14, 2012 Third quarter results: On or before February 14, 2013 Fourth quarter results and results for the year ending March 31, 2013: On or before May 30, 2013.
iii. Dates of book closure	From August 08, 2012 to August 10, 2012 (both days inclusive)
iv. Dividend payment date	Within 15 days from the date of Annual General Meeting
v. Listing of equity shares at stock exchange:	BSE Ltd (BSE) Floor 25, P. J. Towers, Dalal Street, Fort Mumbai-400 001 National Stock Exchange of India Ltd.(NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai– 400 051
vi. Stock Code/Symbol	BSE: 526797 / NSE: GREENPLY

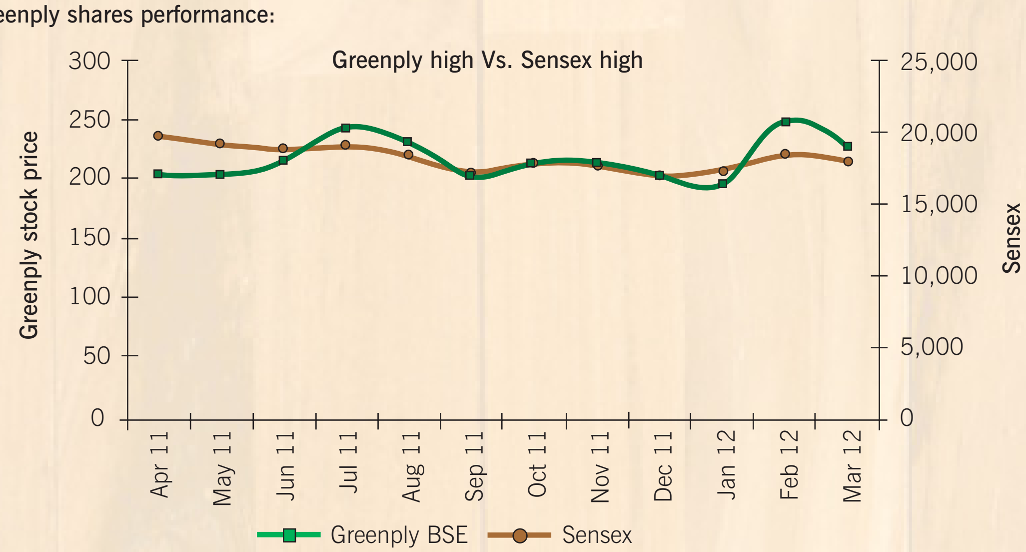
vii. Market price data for the financial year 2011-12:

Month	At BSE		At NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2011	205.65	191.15	205.00	191.00
May 2011	203.95	185.25	204.00	185.75
June 2011	216.00	176.30	215.50	180.00
July 2011	245.20	181.10	255.00	182.05
August 2011	232.85	184.00	234.80	185.00
September 2011	203.95	180.75	208.00	180.00
October 2011	214.95	195.00	214.40	195.00
November 2011	215.85	188.20	215.95	189.00
December 2011	202.90	132.55	205.00	144.00
January 2012	196.85	147.00	194.50	143.00
February 2012	250.00	175.50	254.40	180.35
March 2012	228.95	200.00	229.70	202.00

viii. E-mail ID for Investors: investors@greenply.com

ix. Performance in comparison to broad based indices such as BSE Sensex, CRISL index etc.

Greenply shares performance:



x. Registrar & share transfer agent	M/s. S. K. Infosolutions Pvt. Ltd. 34/1A, Sudhir Chatterjee Street Kolkata – 700 006 Phone: (033) 2219 4815/6797 Fax: (033) 2219 4815

xi. Share Transfer System

The Company has a Committee of the Board of Directors called Share Transfer and Investors' Grievance Committee, which meets as and when required. The formalities for transfer of shares in the physical form are completed and share certificates are dispatched to the transferee within 30 days of receipt of the transfer documents, provided the documents are complete and the shares under transfer are not under dispute.

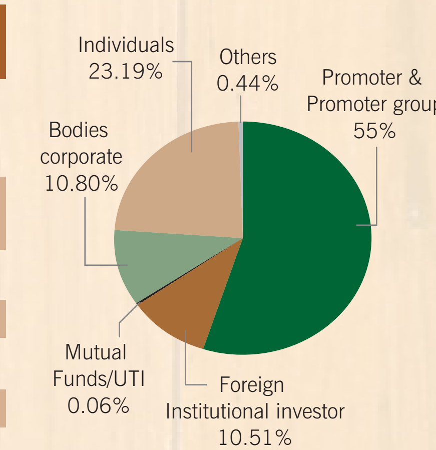
xii. Distribution of equity shareholding as on March 31, 2012.

Distribution of shareholding by size is as given below:

Range in number of shares held	Number of shareholders	Per cent of shareholders	Number of shares held	Per cent of shares held
1-500	3536	89.07	296492	1.23
501-1000	155	3.90	114973	0.48
1001-2000	111	2.80	157744	0.65
2001-3000	31	0.78	79567	0.33
3001-4000	16	0.40	56279	0.23
4001-5000	8	0.20	39440	0.16
5001-10000	38	0.96	246462	1.02
10001-50000	39	0.98	731363	3.03
50001-100000	8	0.20	576219	2.39
100001 and Above	28	0.71	21837835	90.48
Total	3970	100.00	24136374	100.00

b. Distribution of shareholding by category is as given below:

Category of Shareholders	Number of shares	Per cent of shares
Promoter and Promoter Group	1,32,75,000	55.00
Foreign Institutional Investors	25,37,092	10.51
Mutual Funds/UTI	14,499	0.06
Bodies Corporate	26,05,791	10.80
Individuals	55,97,476	23.19
Others	1,06,516	0.44
Total	2,41,36,374	100.00



xiii. Dematerialisation of shares and liquidity

The Company's equity shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd (CDSL). The International Securities Identification Number (ISIN) of the company, as allotted by NSDL and CDSL, is INE 461C01020. Nearly 99.83% of total listed equity shares have been dematerialised as on March 31, 2012.

xiv. Outstanding ADRs/GDRs/Warrants or any other convertible instruments, conversion date and likely impact on equity:

Nil.

xv. Corporate Identity Number (CIN):

L20211AS1990PLC003484

xvi. Plant locations:

Plywood & Allied Products

- P.O. Tizit,
Dist: Mon, Nagaland
- Kriparampur
P.O. Sukhdevpur
Dist:24Parganas(S)
West Bengal
- Plot No. 910-913,
G.I.D.C. Estate, Bamanbore,
Dist. Surendranagar,
Gujarat - 363 520

Plywood & reconstructed veneers

- Integrated Industrial Estate
Pantnagar, Udham Singh Nagar
Uttarakhand

Laminate & Allied Products

- RIICO Industrial Estate
P.O. Behror, Dist: Alwar, Rajasthan
- Village Paterh Bhonku, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh - 174101

Medium Density Fibreboard

- Integrated Industrial Estate
Pantnagar, Udham Singh Nagar
Uttarakhand

xvii. Address for correspondence:

M/s. S. K. Inforsolutions Pvt. Ltd.
34/1A, Sudhir Chatterjee Street
Kolkata – 700 006
Phone:(033) 2219-4815/6797
Fax: (033) 2219-4815
Contact Person: Mr. Dilip Bhattacharya, Director
Email: agarwalskc@rediffmail.com

On behalf of the Board of Directors

Place: Kolkata
Date: May 30, 2012

S. P. Mittal
Executive Chairman

Auditors' Certificate

To
The Members of
Greenply Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by Greenply Industries Limited for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: May 30, 2012

Declaration by the Joint Managing Director and CEO under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct

To
The Members of
Greenply Industries Ltd.

In accordance with Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2012.

Saurabh Mittal
Joint Managing Director & CEO

Date: May 30, 2012

Certification by Chief Executive Officer and Chief Financial Officer pursuant to Clause 49 of the Listing Agreement

To
The Board of Directors
Greenply Industries Ltd.

(a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2012 and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2012 which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee

(i) that there are no significant changes in internal control over financial reporting during the year ended March 31, 2012;

(ii) significant changes in accounting policies during the year ended March 31, 2012 and that the same have been disclosed in the notes to the financial statements; and

(iii) that there are no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Saurabh Mittal	**Vishwanathan Venkatramani**
Date: May 30, 2012	*Joint Managing Director & CEO*	*Chief Financial Officer*

Financial Section

Auditors' Report

To
The Members of
Greenply Industries Limited

We have audited the attached Balance Sheet of **M/s. GREENPLY INDUSTRIES LIMITED** as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date 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.

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.

1) As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2) Without qualifying our opinion, we draw attention to note no. 31 regarding negative net worth of a subsidiary.

3) Further to our comments in the Annexure referred to in paragraph (1) above, we report that:

   a) 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;

   b) 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, certified by the Branch Managers, adequate for the purpose of our audit have been received from some of the branches, which have not been visited by us;

   c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with in this report are in agreement with the books of accounts and returns made available to us;

   d) In our opinion, Balance Sheet, Statement of Profit & Loss and Cash Flow Statement, together with notes thereon, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

   e) On the basis of the written representations received from the directors other than nominee directors and taken on record by Board of Directors, we report that none of the said directors is disqualified as on 31st March, 2012 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956. The provisions of section 274(1)(g) relating to disqualification of directors are not attracted in case of nominee directors.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

      ii) in the case of the Statement of Profit & Loss, of the Profit of the Company for the year ended on that date; and

      iii) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

(Dindayal Dhandaria)
Place : Kolkata — Partner
Dated: 30th May, 2012 — Membership No. **10928**

Annexure to Audit Report

1. In respect of its fixed assets:
   a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b) A substantial portion of the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
   c) As the company has not disposed off any major part of the fixed assets, the going concern status of the company is not affected.
2. In respect of its inventories:
   a) As explained to us, the inventory has been physically verified during the year by the management at reasonable intervals.
   b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
   c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.
3. a) As informed to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clauses (iii)(a) to (iii)(d) of Paragraph 4 are not applicable.
   b) As informed to us, the Company has not taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clauses (iii)(e) to (iii)(g) of Paragraph 4 are not applicable.
4. In our opinion and according to the information and explanation given to us, there is 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. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system;
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
   a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered and the register required to be maintained under that section;
   b) In our opinion and according to the 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
6. The Company has not accepted any deposits from the public during the year. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. Further, the due date of submission of the Cost Auditor's report has not expired and the same has not been received by the Company.
9. In respect of statutory dues:
   a) According to the records of the Company, the Company has generally been regular in depositing provident fund, investor education protection fund, employees' state insurance, income tax, value added tax, sales tax, entry tax, wealth tax, service tax, custom duty, excise duty, cess, and other statutory dues applicable to it with the appropriate authorities though there has been a slight delay in a few cases.

      Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
   b) According to information and explanations given to us, no undisputed amount payable in respect of 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 undisputed statutory dues were outstanding at the year end, for a period of more than six months from the date they become payable.
   c) According to the information and explanation given to us, the following disputed amounts have not been deposited by the company :

Annexure to Audit Report (Contd.)

Statement of disputed dues

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
A) i) West Bengal Sales Tax Act, 1994	Sales Tax Surcharge & Additional Surcharge Penalty (For short submission of Declaration Form 11)	10.26	1998 – 1999	Senior joint Commissioner of Commercial Taxes, Corporate Division
ii) West Bengal Sales Tax Act, 1994	Sales Tax Surcharge & Additional Surcharge Penalty (For short submission of Declaration Form 11)	67.66	1999 – 2000 & 2000 – 2001	Assistant Commissioner of Commercial Taxes, South Circle, Kolkata.
iii) West Bengal Sales Tax Act, 1994	Disallowance of Input Vat and Addition of Extra Purchase	8.40	2005 – 2006	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata.
iv) West Bengal Sales Tax Act, 1994	Disallowance of Input Vat and Addition of Extra Purchase	16.05	2006 – 2007	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata.
B) i) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	1.00	1997 – 1998	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata.
ii) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	27.81	1999 – 2000 & 2000 – 2001	Assistant Commissioner of Commercial Taxes, South Circle, Kolkata.
iii) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	8.72	2005 – 2006	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata.
iv) Central Sales Tax Act, 1956	Sales Tax (For short submission of Declaration Form C)	3.35	2006 – 2007	West Bengal Commercial Taxes Appellate & Revision Board, Kolkata.
C) Rajasthan Entry Tax – Goods Act, 2003	Set-off of the Entry Tax with the Sales Tax in respect of Branch Transfer	76.06	2003 – 2004	Tax Board, Ajmer
D) Rajasthan Entry Tax – Goods Act, 2003	Set-off of the Entry Tax with the Sales Tax in respect of Branch Transfer	30.44	2004 – 2005	Tax Board, Ajmer
E) Rajasthan Entry Tax – Goods Act, 2003	Set-off of the Entry Tax with the Sales Tax in respect of Branch Transfer	55.74	2005 – 2006	Tax Board, Ajmer
F) Rajasthan Entry Tax – Goods Act, 2003	Writ Petition filed in respect of levy of Entry Tax	12.37	2007– 2008	Rajasthan High Court, Jodhpur
G) Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Levy of Entry Tax	88.83	2010-11 & 2011-12	Himachal Pradesh High Court, Shimla
H) Central Sales Tax Act, 1956	Set-off of the Entry Tax with the Sales Tax in respect of Branch Transfer	13.51	2006 – 2007	Deputy Commissioner of Commercial Taxes (Appeals), Alwar.
I) Central Excise Act, 1944	Wrong claim of Cenvat Credit on Service Tax paid on Input Services	4.89	2007-2008	Deputy Commissioner, Central Excise, Jorhat
J) Central Excise Act, 1944	Wrong claim of Cenvat Credit on Service Tax paid on Input Services	0.65	2006-2007	Deputy Commissioner, Central Excise, Jorhat
K) Central Excise Act, 1944	a) Disallowance of Cenvat Credit	769.94	2006-2007 to 2007-2008	Commissioner of Central Excise, Kolkata-VII Commissionerate
	b) Penalty imposed on Company, Managing Director and an Executive	1900.58		

Annexure to Audit Report (Contd.)

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
L) Central Excise Act, 1944	a) for imposition of Penalty (appeal filed by the department)	43.71	2000-2001 to 2005-2006	Customs, Excise and Service Tax Appellate Tribunal, East Zonal Bench, Kolkata
M) Central Excise Act, 1944	Disallowance of Cenvat Credit	19.71	2005-06 & 2006-07	Commissioner (Appeals), Kolkata-I
N) Central Excise Act, 1944	For imposition of Penalty	7.35	2006-07 & 2007-08	Commissioner (Appeals), Kolkata-I
O) Income Tax Act 1961	Income Tax Demand	27.49	2002-03	Commissioner (Appeals) Central III, Kolkata
P) Delhi Value Added Tax Act, 2004	Sales Tax (For short submission of Declaration Form C)	17.85	2006-07	Additional Commissioner of VAT, New Delhi
Q) Bihar Value Added Tax Act, 2005	Denial of Entry Tax Credit	31.01	2008-09	Additional Commissioner (Appeals), Patna
R) Bihar Value Added Tax Act, 2005	Denial of Entry Tax Credit	28.23	2007-08	Additional Commissioner (Appeals), Patna

Out of the total disputed dues aggregating ₹ 3271.60 lacs as above, ₹ 2714.23 lacs has been stayed for recovery by the relevant authorities.

10. The company does not have accumulated losses at the year end and has not incurred cash losses during the period covered by our audit and the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not issued any debentures. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.

12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

15. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by its subsidiary company from a bank are not prejudicial to the interest of the company.

16. In our opinion and according to information and explanations given to us, the term loans have been applied for the purposes for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.

18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.

19. According to the information and explanations given to us, the company has not issued any debentures.

20. The company has not raised money by public issue during the period and hence the question of disclosure and verification of end use of such money does not arise.

21. According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place : Kolkata
Dated: 30th May, 2012

Balance Sheet as at 31 March 2012

₹ in Lacs

	Note No.	31 March 2012		31 March 2011	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	1206.82		1206.82	
Reserves & Surplus	2	35940.14		31102.69	
			37146.96		32309.51
Non-current Liabilities					
Long-Term Borrowings	3	26686.05		28127.24	
Deferred Tax Liabilities (Net)	4	3355.51		2469.64	
Other Long Term Liabilities	5	743.54		520.75	
Long-Term Provisions	6	1233.63		966.86	
			32018.73		32084.49
Current Liabilities					
Short-Term Borrowings	7	33401.40		23695.80	
Trade Payables		16534.21		16796.53	
Other Current Liabilities	8	11558.34		10105.63	
Short-Term Provisions	9	703.57		365.62	
			62197.52		50963.58
Total			131363.21		115357.58
ASSETS					
Non-current Assets					
Fixed Assets :	10				
Tangible Assets		61564.05		59936.98	
Intangible Assets		365.36		456.70	
Capital Work-in-Progress		1115.25		1053.84	
Intangible Assets under Development		234.93		–	
		63279.59		61447.52	
Investments	11	874.50		874.50	
Long Term Loans & Advances	12	1379.00		1306.64	
Other Non-current Assets	13	26.19		51.81	
			65559.28		63680.47
Current Assets					
Inventories	14	27729.15		22928.25	
Trade Receivables	15	29087.01		21274.74	
Cash & Bank Balances	16	1216.28		1340.50	
Short Term Loans & Advances	17	7745.87		6108.00	
Other Current Assets	18	25.62		25.62	
			65803.93		51677.11
Total			131363.21		115357.58
Significant Accounting Policies					
Notes on Financial Statements	1 to 40				

As per our annexed report of even date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: 30th May 2012

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Statement of Profit and Loss for the year ended 31 March 2012

₹ in Lacs

	Note No.	31 March 2012		31 March 2011	
INCOME					
Revenue from Operations	19		164365.82		121741.19
Other Income	20		590.73		467.42
Total Revenue			164956.55		122208.61
EXPENDITURE					
Cost of Materials Consumed	21		92366.37		69162.83
Purchase of finished/traded goods	22		9058.23		7031.98
Changes in Inventories of Finished Goods,					
Stock in Process and Stock in Trade	23		(2069.77)		(1314.48)
Employees Benefits Expense	24		13001.24		10619.69
Finance Costs	25		6078.21		4426.74
Depreciation & Amortisation Expense	26		4677.13		4099.42
Other Expenses	27		33537.42		24236.44
Loss due to Fluctuation in Foreign Exchange Rates			1815.78		859.66
Total Expenditure			158464.61		119122.28
Profit before Tax			6491.94		3086.33
Tax Expense					
Current Tax		1298.89		620.00	
Less : Mat Credit Entitlement		1033.79		620.00	
		265.10		-	
Deferred Tax		885.87	1150.97	577.42	577.42
Profit for the Year			5340.97		2508.91
Earnings per Equity Share of face value of ₹ 5 each	34				
Basic (in ₹)			22.13		11.33
Diluted (in ₹)			22.13		10.39
Significant Accounting Policies					
Notes on Financial Statements	1 to 40				

As per our annexed report of even date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: 30th May 2012

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Cash Flow Statement for the year ended 31 March 2012

₹ in Lacs

	31 March 2012		31 March 2011	
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES:				
Net Profit before Tax and Extraordinary items		6491.94		3086.33
Add: a) Depreciation	4677.13		4099.42	
b) Finance Costs	6078.21		4426.74	
c) Loss on Sale / Discard of Fixed Assets	183.24		151.65	
d) Gratuity	201.68		183.64	
e) Share Issue Expenses written off	25.62		25.62	
		11165.88		8887.07
		17657.82		11973.40
Less: a) Interest Income	558.11		419.79	
b) Insurance Claim Received	89.74		57.96	
c) Dividend Received	0.17		0.12	
		648.02		477.87
Operating Profit before Working Capital Changes		17009.80		11495.53
Less: a) Increase in Trade and Other Receivables	8686.00		6407.38	
b) Increase in Inventories	4800.90		2952.88	
c) Decrease in Trade Payables	(753.43)	12733.47	330.67	9690.93
Cash Inflow (+)/Outflow (-) from Operations		4276.33		1804.60
Add/Less: a) Income Tax Paid/refund received (-)	1276.89		642.34	
b) Gratuity Paid	29.52	1306.41	60.87	703.21
Net Cash Inflow (+)/Outflow (-) in course of Operating Activities		**2969.92**		**1101.39**
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:				
OUTFLOW				
a) Acquisition of Fixed Assets	6048.59		10446.86	
b) Investment	–		461.80	
		6048.59		10908.66
Less : INFLOW				
a) Sale of Fixed Assets	227.55		312.55	
b) Interest Received	558.11		419.79	
c) Dividend Received	0.17		0.12	
d) Receipt of Capital Subsidy	30.00		–	
e) Insurance Claim Received	89.74	905.57	57.96	790.42
Net Cash Inflow (+) / Outflow (-) in course of Investing Activities		**(5143.02)**		**(10118.24)**

Cash Flow Statement for the year ended 31 March 2012

₹ in Lacs

	31 March 2012		31 March 2011	
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:				
INFLOW				
a) Proceeds from issue of Share Capital	28.28		2,896.37	
b) Long Term Borrowings	5500.00		9000.00	
c) Short Term Borrowings (Net)	9705.60		7098.88	
d) Deferred Payment Liabilities (Net)	194.33		81.31	
		15428.21		**19076.56**
DEDUCT : OUTFLOW				
a) Share Issue Expenses	–		2.89	
b) Long Term Borrowings	7573.72		4940.35	
c) Interest Paid	5700.38		4346.01	
d) Dividend & Corporate Dividend Tax Paid	280.52		386.50	
		13554.62		**9675.75**
Net Cash Inflow in course of Financing Activities		**1873.59**		**9400.81**
Net Increase (+) / Decrease in Cash/Cash Equivalents (A+B+C)		(299.51)		383.96
Add : Balance at the beginning of the year		929.43		545.47
Cash / Cash Equivalents at the close of the Year		**629.92**		**929.43**

As per our annexed report of even date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: 30th May 2012

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Significant accounting policies

1.00 SIGNIFICANT ACCOUNTING POLICIES:

1.01. Disclosure of Accounting Policies (AS-1):

1. 01.01. **Nature of Operation:** Company is an interior infrastructure company engaged in the business of manufacturing plywood and allied products, laminates, particle boards, medium density fibre boards, etc. through its factories at various locations and branches & dealers' network spread all over the country. It has two wholly owned subsidiary companies operating in Singapore & America. It imports raw materials for manufacturing and also finished goods for trading. Manufactured goods are sold both in domestic and overseas markets. The Overseas subsidiaries of the Company are engaged in the business of trading in similar products.

1.01.02. **Accounting Concepts & Basis of Presentation**: The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis, except for certain fixed assets which are revalued. GAAP comprises mandatory accounting standards as specified in the Company (Accounting Standards) Rules 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an on-going basis. Where changes are made in presentation, the comparative figures of the previous year are regrouped and re-arranged accordingly.

1.01.03. **Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.02. Valuation of inventories (AS-2):

1.02.01. Stock of Raw Materials, Stores and spare parts are valued at cost; and of those in transit, at port and at Bonded Warehouse related to these items are valued at cost to date.

1.02.02. Goods-in-process is valued at cost.

1.02.03. Stock of Finished goods and semi-finished goods are valued at cost or net realisable value whichever is lower.

1.02.04. Waste and scraps are accounted at estimated realisable value.

1.02.05. Cost of inventories is generally ascertained on the 'weighted average' basis. Goods-in-process, finished and semi-finished goods are valued on absorption cost basis.

1.03. Cash Flow Statement (AS – 3):

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company is segregated. Cash and cash equivalents in the balance sheet comprise cash at bank (excluding pledged term deposits), cash/cheques in hand and short term investments with an original maturity of three months or less.

1.04. Contingencies and events occurring after balance sheet date (AS -4):

Disclosure of contingencies as required by the accounting standard is furnished in the Notes on accounts.

1.05. Net profit or loss for the period, prior period items and changes in accounting policies (AS – 5):

Net Profit or loss for the period and prior period items are shown separately in the Profit & Loss Account.

1.06. Depreciation (AS – 6):

1.06.01. Depreciation on Fixed Assets is provided for on straight-line method in accordance with and generally at the rates specified in Schedule XIV to the Companies Act, 1956. Leasehold lands at Kriparampur, Rudrapur and Rajkot units are amortised over the period of lease. Other leasehold lands are not amortised.

1.06.02. Depreciation in respect of additions to assets has been charged on pro rata basis with reference to the period of use of such assets. The provision for depreciation for multiple shifts has been made in respect of eligible assets on the basis of operation of respective units. In respect of continuous process plant, depreciation has been provided as per rates prescribed in Schedule XIV of the Companies Act, 1956.

Significant accounting policies

1.07. Revenue Recognition (AS -9):

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.07.01. **Sale of Goods:** Sales are accounted for on despatch of products to customers.Gross sales shown in the Statement of Profit & Loss are inclusive of Excise Duty and the value of self-consumption, inter-transfers and export incentives but excludes discounts, CST and VAT. Net sales are shown after deducting Excise duty which is disclosed at appropriate places.

1.07.02. **Interest:** Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.

1.07.03. **Dividends:** Dividend from investment is recognised when the Company in which they are held declares the dividend and when the right to receive the same is established.

1.07.04. **Export incentives:** Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme (DEPB)", Duty Free Replenishment Certificate (DFRC), Duty Free Import Authorisation (DFIA) Scheme to the extent of their face value are accounted for as and when exports are made i.e., in the year of export. Profit or loss arising on utilisation of the same and/or sale thereof are accounted for in the year in which either the imports are made against the said DEPB, DFRC or DFIA and/or the same are sold.

1.07.05. In case of manufacturing units exempt from payment of VAT/Sales tax under State laws, VAT input credit receivable is carried forward as an asset to the extent it is eligible for set-off in subsequent years.

1.08. Accounting for fixed assets (AS – 10):

1.08.01. Fixed assets, which are revalued, are stated at revalued amounts as a result of their revaluation.

1.08.02. Other Fixed Assets are stated at cost less accumulated depreciation. Cost includes borrowing costs and all incidental expenditure net of CENVAT, Service Tax Input Credit and VAT Input Credit, wherever applicable.

1.08.03. Revenue expenses incurred in connection with project implementation insofar as such expenses relate to the period prior to the commencement of commercial production are treated as part of project cost and capitalised.

1.09. Accounting for the effects in foreign exchange rates (AS – 11):

1.09.01. Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transactions.

1.09.02. In conformity with revised Accounting Standard (AS – 11), issued by the Institute of Chartered Accountants of India (ICAI), monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the difference between the forward rate and exchange rate on the date of transaction, such difference having been amortised over the life of the contract.

1.09.03. Non-monetary items carried at historical cost are reported using the rate at the date of transaction.

1.09.04. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

1.09.05. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account. However, in case of long term liabilities, where they relate to acquisition of fixed assets, the income or expense on account of exchange difference is adjusted to the carrying cost of such assets.

1.10. Accounting for investments (AS – 13):

Investments, being long term in nature, are valued at cost of acquisition. Adjustment for increase/decrease in the value of investments, if any, will be accounted for on realisation of the investments. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

1.11. Employee benefits (AS – 15):

1.11.01. Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

1.11.02. Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of past employment and other long term benefits are charged to the profit and loss account.

Significant accounting policies

1.12. Borrowing costs (AS – 16):
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 takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

1.13. Segment reporting (AS – 17):
1.13.01. Identification of Segments:
Primary Segment
Business Segment:
The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing & Sale of (a) Plywood & Allied products; (b) Laminates & Allied products, and (c) Medium Density Fibre Boards.

Secondary Segment
Geographical Segment:
The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

• Sales within India include sales to customers located within India.

• Sales outside India include sales to customers located outside India.

1.13.02. Allocation of Common costs: Common allocable costs are allocated to each segment according to the ratio of their respective turnover to the total turnover.

1.13.03. Unallocated items: The Unallocated Segment includes general corporate income and expense items, which are not allocated to any business segment.

1.14. Related party disclosures (AS – 18):
Disclosure of related parties as required by the accounting standard is furnished in the Notes on accounts.

1.15. Leases (AS – 19):
In accordance with Accounting Standard 19 "Accounting for leases", lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating leases. Lease payments under operating leases are recognised as an expense in the Statement of Profit and Loss.

1.16. Earnings per share (AS – 20):
Basic earnings (loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.17. Consolidated financial statements (AS – 21):
1.17.01. The consolidated financial statements of the parent and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Intragroup balances and intragroup transactions and resulting unrealised profits (losses) are eliminated in full. Consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances to the extent practicable and in case of difference, the same is disclosed.

1.17.02. Investments in subsidiaries are accounted for in accordance with Accounting Standard (AS) 13 – Accounting for Investments.

1.17.03. The company has two wholly owned subsidiary companies. Further, one of the wholly owned subsidiary company has two other subsidiaries. The minority interests of the subsidiaries have been presented.

1.18. Accounting for taxes on income (AS – 22):
The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the

Significant accounting policies

differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Deferred Tax Assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.19. Interim financial reporting (AS – 25):
The quarterly financial results are published in accordance with the requirements of listing agreements with stock exchanges.

1.20. Intangible assets (AS – 26):
1.20.01. The values of internally generated intangible assets are not recognised in the accounts.

1.20.02. Intangible assets acquired by payment e.g., Trade marks and Goodwill are disclosed at cost less amortisation on a straight-line basis over its estimated useful life.

1.21. Provisions, contingent liabilities and contingent assets (AS – 29):
1.21.01. Provisions are made for present obligations arising as a result of past events.

1.21.02. Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts.

1.21.03. Contingent assets are neither accounted for nor disclosed by way of Notes on Accounts.

1.22. Central excise duty:
Excise Duty liability accruing on manufacture is accounted for as and when the liability for payment arises under the Central Excise Act, 1944. Duty on finished goods lying at stock at factory at the close of the year has not been provided for in the accounts and hence not included in the valuation of inventory of such goods. However the said liability if accounted would have no impact on the financial results for the accounting period.

1.23. Consumption of raw materials, stores & spare parts etc. :
Raw Materials, Stores and spare parts etc., consumed are exclusive of (a) Excise Duty on inputs under Cenvat Scheme, (b) Service tax input credits, (c) Insurance Claims received (d) Entry Tax under Rajasthan Local Sales Tax Act and (f) VAT Input Credit under State laws, wherever applicable.

1.24. Service tax & cess:
Various expenses are accounted for after deducting the input tax credit available in respect of Service Tax, Education Cess and Secondary & Higher Education Cess.

1.25. Taxation:
1.25.01. Tax expenses comprise of income tax, corporate dividend tax, deferred tax including applicable surcharge and cess.

1.25.02. Income tax are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

1.25.03. MAT (Minimum Alternate Tax) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying out of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.25.04. Provision for deferred tax or credit for release thereof is accounted for as ascertained in accordance with principles stated in para 1.18 hereinabove.

1.25.05. Tax on distributed profits payable in accordance with the provisions of section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the period.

Notes on Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
1 SHARE CAPITAL				
1.1 Authorised				
Equity Shares of ₹ 5 each	32000000	1600.00	32000000	1600.00
Cumulative Redeemable Preference Shares of ₹10 each	5000000	500.00	5000000	500.00
	37000000	2100.00	37000000	2100.00
1.2 Issued, Subscribed and Fully Paid up				
Equity Shares of ₹ 5 each	24136374	1206.82	24136374	1206.82
1.3 The reconciliation of the number of shares outstanding				
Equity Shares at the beginning of the year	24136374	1206.82	22096680	1104.83
Add : Allotted during the year	–	–	2039694	101.99
Total	24136374	1206.82	24136374	1206.82
1.4 Name of the Shareholders holding more than 5% Shares				
	Number	%	Number	%
EQUITY SHARES				
S.M.Management Pvt Ltd	3543462	14.68%	3543462	14.68%
Greenply Leasing & Finance Ltd	2714731	11.25%	2714731	11.25%
Ashish Dhawan	2429545	10.07%	2391927	9.91%
Prime Holdings Pvt Ltd	2408560	9.98%	2408560	9.98%
Jai-Vijay Resources Pvt Ltd	1294245	5.36%	1294245	5.36%
Shiv Prakash Mittal, Santosh Mittal, Rajesh Mittal & Karuna Mittal on behalf of Trade Combines, partnership firm			2110476	8.74%
Shiv Prakash Mittal, Saurabh Mittal & Shobhan Mittal on behalf of Trade Combines, partnership firm	2110476	8.74%		

1.5 Disclosure as per SEBI guidelines

On 24.03.2011, the Company allotted 20,39,694 equity shares of ₹ 5 each at a premium of ₹ 137 per equity share on account of conversion of 20,39,694 detachable warrants issued and allotted on 16th October, 2009 pursuant to the Letter of Offer dated 14th September, 2009 and received ₹ 2924.64 lacs (including ₹ 28.27 lacs brought in by promoters/promoter group as advised by stock exchanges under instruction from SEBI) from the said conversion of detachable warrants. The said proceeds have been fully utilised towards the following purposes.

Particulars	₹ in Lacs
MDF Project	1985.42
Laminate Project	104.66
General Corporate Purpose	834.13
Issue Expenses	0.43
Total	2924.64

Notes on Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	As at 31 March 2012		As at 31 March 2011	
2 RESERVES & SURPLUS				
Capital Reserve				
As per last Balance Sheet	20.00		20.00	
Add: Capital Subsidy Received under "Central Capital Investment Subsidy Scheme, 2003"	30.00		–	
		50.00		20.00
Capital Redemption Reserve				
As per last Balance Sheet		500.00		500.00
Securities Premium Account				
As per last Balance Sheet	11597.64		8803.26	
Add: Received during the year	28.28		2794.38	
		11625.92		11597.64
Revaluation Reserve				
As per last Balance Sheet	33.68		95.13	
Less: Transfer to Statement of Profit & Loss				
a. On account of difference between depreciation on revalued cost of assets and it's original cost	0.76		3.23	
b. On account of difference on loss on asset discarded between revalued written down value & it's original written down value	–		58.22	
		32.92		33.68
General Reserve				
As per last Balance Sheet	4478.58		3978.58	
Add: Transferred from Statement of Profit and Loss	700.00		500.00	
		5178.58		4478.58
Surplus				
As per last Balance Sheet	14472.79		12744.40	
Add: Net profit for the current year	5340.97		2508.91	
Less: Transferred to General Reserve	700.00		500.00	
Less: Proposed Dividend on Equity Shares [Dividend Per Share ₹ 2 (Previous year ₹ 1)]	482.73		241.36	
Less: Tax on Distribution of Dividend	78.31		39.16	
		18552.72		14472.79
Total		35940.14		31102.69
3 LONG-TERM BORROWINGS				
Secured				
Term Loans				
From Banks				
Foreign Currency Loans	10019.10		11688.39	
Rupee Loans	15113.03		14389.05	
		25132.13		26077.44
From Others				
Rupee Loans		1176.70		1764.95
Deferred Payment Liabilities		116.54		142.27
		26425.37		27984.66
Unsecured				
Deferred Payment Liabilities		260.68		142.58
Total		26686.05		28127.24

3.1 Term Loan from Landesbank Baden-Wurttenberg is secured by first priority security charge on Main Press Line of MDF plant.

3.2 All other Term Loans are secured by first mortgage and charge on the immovable and movable properties of the company other than immovable properties at Tizit, Nagaland and Main Press line of MDF plant, ranking on pari passu basis, save and except current assets, both present and future and second charge over the current assets.

3.3 Deferred payment liabilities are in respect of finance of vehicles and are secured by hypothecation of the respective vehicles.

Notes on Financial Statements
for the year ended 31 March 2012

3 LONG-TERM BORROWINGS (Contd...)

3.4 Terms of Repayment and Rate of Interest of Term Loans ₹ in Lacs

	Rate of Interest	Repayment Schedule 2013-14	2014-15	2015-16	2016-17	2017-18
Term Loans from Banks	3.42%	1332.93	1332.93	1332.93	1332.93	1333.26
	9.25%	1677.06	1677.06	–	–	–
	11.75%	1250.00	1250.00	937.50	–	–
	11.90%	750.00	750.00	187.50	–	–
	12.75%	3342.33	2644.00	2480.67	187.53	–
	14.75%	666.60	666.90	–	–	–
Term Loans from Others	10.75%	472.00	467.76	–	–	–
	11.50%	116.00	120.94	–	–	–

	As at 31 March 2012		As at 31 March 2011	
4 DEFERRED TAX LIABILITIES (NET) :				
Deferred Tax Liabilities :				
Depreciation		4082.20		3088.10
Less : Deferred Tax Assets :				
Provision for Gratuity/Liabilities	575.88		450.43	
Deviation in value of Closing Stock U/S 145A	150.81		168.03	
		726.69		618.46
Total		**3355.51**		**2469.64**
5 OTHER LONG TERM LIABILITIES				
Others				
Security Deposits from Customers		743.54		520.75
6 LONG TERM PROVISIONS				
Provisions for Employee Benefits (unfunded)				
For Gratuity		754.75		597.36
For Leave Encashment		478.88		369.50
Total		**1233.63**		**966.86**

Notes on Financial Statements
for the year ended 31 March 2012

₹ in Lacs

	As at 31 March 2012		As at 31 March 2011	
7 SHORT TERM BORROWINGS				
Secured				
Working Capital Loans				
- from Banks				
Foreign Currency Loans	961.56		966.80	
Rupee Loans	6499.00		5562.73	
– from Others				
Foreign Currency Loans	–		445.80	
Rupee Loans	670.00		670.00	
		8130.56		7645.33
Unsecured				
Other Loans and advances				
- from Banks				
Foreign Currency Loan - Buyers' Credit	19305.87		7763.16	
Rupee Loans	1000.00		3000.00	
- from Others				
Rupee Loans	4964.97		5287.31	
		25270.84		16050.47
Total		**33401.40**		**23695.80**

7.1 All Working Capital Loans are secured by first charge by way of hypothecation of current assets and second charge over movable and immovable properties of the Company except immovable properties at Tizit, Nagaland and Main Press line of MDF Plant, on pari-passu basis.

8 OTHER CURRENT LIABILITIES				
Current maturities of Long Term Borrowings *		8044.63		7712.63
Current maturities of Deferred Payment Liabilities *		309.30		207.34
Interest Accrued but not due on borrowings		584.41		206.58
Advance from Customers		860.99		495.86
Unpaid Dividend		9.21		9.48
Statutory Dues		1749.80		1386.72
Temporary Overdraft from Banks		–		87.02
Total		**11558.34**		**10105.63**

* The terms are stated in notes nos.3.1 and 3.2

8.1 Amount due and outstanding to be credited to the Investor Education and Protection Fund Nil (Previous Year Nil)

9 SHORT TERM PROVISIONS				
Provisions for Employee Benefits				
Gratuity		37.05		22.28
Leave Salary		105.48		62.82
Proposed Dividend				
Equity Shares		482.73		241.36
Tax on Distribution of dividend		78.31		39.16
Total		**703.57**		**365.62**

Notes on Financial Statements for the year ended 31 March 2012

₹ *in Lacs*

10 FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2011	Addition During the Period	Deduction During the Period	Total as at 31/03/2012	Upto 31/03/2011	For the Period	Adjustment for Deductions	Total As at 31/03/2012	As at 31/03/2012	As at 31/03/2011
OWN ASSETS										
Tangible Assets										
Freehold Land	1571.01	15.86	1.21	1585.66	–	–	–	–	1585.66	1571.01
Leasehold Land	765.02	–	–	765.02	45.21	7.91	–	53.12	711.90	719.81
Land Development	1283.77	101.92	–	1385.69	27.96	10.09	–	38.05	1347.64	1255.81
Buildings	12662.52	1021.17	–	13683.69	1065.70	370.22	–	1435.92	12247.77	11596.82
Plant & Equipment	51321.67	4408.15	476.38	55253.44	9617.96	3712.78	316.24	13014.50	42238.94	41703.71
Furniture & Fixtures	1101.25	43.08	4.61	1139.72	223.81	68.52	0.83	291.50	848.22	877.44
Vehicles	1641.13	673.86	309.78	2005.21	349.72	159.60	76.89	432.43	1572.78	1291.41
Heavy Vehicles	119.67	44.14	–	163.81	64.96	11.27	–	76.23	87.58	54.71
Office Equipments	1417.53	252.66	16.67	1653.52	551.27	182.59	3.90	729.96	923.56	866.26
Sub Total	**71883.57**	**6560.84**	**808.65**	**77635.76**	**11946.59**	**4522.98**	**397.86**	**16071.71**	**61564.05**	**59936.98**
Intangible Assets										
Computer Software	487.71	63.57	–	551.28	196.15	80.05	–	276.20	275.08	291.56
Trademarks	68.58	–	–	68.58	39.44	6.86	–	46.30	22.28	29.14
Goodwill	340.00	–	–	340.00	204.00	68.00	–	272.00	68.00	136.00
Sub Total	**896.29**	**63.57**	**–**	**959.86**	**439.59**	**154.91**	**–**	**594.50**	**365.36**	**456.70**
Capital Work In Progress	1053.84	1107.27	1045.86	1115.25	–	–	–	–	1115.25	1053.84
Intangible Assets under Development	–	234.93	–	234.93					234.93	–
Total	**73833.70**	**7966.61**	**1854.51**	**79945.80**	**12386.18**	**4677.89**	**397.86**	**16666.21**	**63279.59**	**61447.52**
Previous Year's Total	64846.73	11795.47	2808.50	73833.70	9221.00	4102.65	937.47	12386.18	61447.52	–

10.1 Addition to Plant & Equipments includes ₹ 872.16 lacs (Previous year Nil) on account of loss due to fluctuation in Foreign Exchange Rates.

10.2 Some of the fixed assets of Plywood division were revalued on 31st March, 1994 on the basis of the report of an Approved Valuer and the resultant increase in book value was ₹ 293.52 lacs.

Notes on Financial Statements

for the year ended 31 March 2012

₹ *in Lacs*

	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
11 INVESTMENTS				
Investments in Equity Instruments (at Cost)				
Trade				
Unquoted, Fully Paid up				
Wholly Owned Subsidiaries				
Greenlam Asia Pacific Pte Ltd - Equity Shares of S$ 1 each	430642	125.31	430642	125.31
Greenlam America Inc. - Equity Shares of US$ 1 each	1600000	740.23	1600000	740.23
		865.54		865.54
Quoted, Fully Paid up				
Associates				
Himalaya Granites Ltd - Equity Shares of ₹ 10 each	380583	8.14	380583	8.14
Other than Trade				
Indian Overseas Bank Ltd - Equity Shares of ₹ 10 each	3400	0.82	3400	0.82
Total		**874.50**		**874.50**
Aggregate amount of Quoted Investments		8.96		8.96
Aggregate amount of Unquoted Investments		865.54		865.54
		874.50		**874.50**
Aggregate Market Value of Quoted Investments		80.65		75.86

12 LONG TERM LOANS & ADVANCES				
Unsecured, Considered good				
Capital Advances		685.48		739.02
Security Deposits		693.52		567.62
Total		**1379.00**		**1306.64**

13 OTHER NON-CURRENT ASSETS				
Unamortised Share Issue Expenses		26.19		51.81

14 INVENTORIES				
Raw Materials (at cost)		17356.11		14974.64
[including at Customs Warehouse ₹ 1924.03 lacs (Previous year ₹ 2290.81 lacs) and at Port ₹ 98.99 lacs (Previous year ₹ 22.54 lacs)]				
Stock in Process (at cost)		1686.08		1346.28
Finished Goods (lower of cost or net realisable value)		6824.25		5467.62
[including in Transit ₹ 700.46 lacs (Previous year ₹ 491.13 lacs) and at Port ₹ 17.99 lacs (Previous year Nil)]				
Stock In Trade (lower of cost or net realisable value)		536.33		162.99
[including in Transit ₹ 10.50 lacs (Previous year Nil)]				
Stores & Spares (at cost)		1326.38		976.72
Total		**27729.15**		**22928.25**
		Numbers		Numbers
14.1 CERs held in inventory		15111		–
CER under Certification (Since certified)		30014		–

Notes on Financial Statements
for the year ended 31 March 2012

₹ in Lacs

		As at 31 March 2012		As at 31 March 2011
15 TRADE RECEIVABLES				
15.1 Outstanding for a period exceeding				
six months from due date		497.55		276.68
Other debts		28589.46		20998.06
Total		29087.01		21274.74
15.2 Secured, considered good		258.76		70.37
Unsecured, considered good		28828.25		21204.37
Total		29087.01		21274.74
16 CASH & BANK BALANCES				
16.1 Cash & Cash Equivalents				
Balances with Banks		546.38		864.13
Balances with Banks - unpaid dividend		9.22		9.48
Cash on Hand		74.32		55.82
		629.92		929.43
16.2 Other Bank Balances				
Term Deposits with Banks				
(Receipts pledged with banks & others as security deposits)				
Maturity within 12 months		567.78		377.91
Maturity over 12 months		18.58		33.16
		586.36		411.07
Total		1216.28		1340.50
17 SHORT TERM LOANS & ADVANCES				
Unsecured, considered good				
Advance to Staff & Workers		218.02		224.48
Advance against Purchases		1057.14		1062.02
Other receivables		2360.49		1641.54
Service Tax Input Credit Receivable		289.16		198.11
Balance with Central Excise Authorities		422.17		592.98
Advance Payment of Income Tax (Less Provision)		516.83		538.83
MAT Credit Entitlement		2635.26		1601.47
Advance Payment of Sales Tax (including unavailed VAT input credit)		246.80		248.57
Total		7745.87		6108.00
18 OTHER CURRENT ASSETS				
Unamortised Share Issue Expenses		25.62		25.62

Notes on Financial Statements
for the year ended 31 March 2012

₹ in Lacs

	For the year ended 31 March 2012		For the year ended 31 March 2011	
19 REVENUE FROM OPERATIONS				
Sale of Products	171314.72		127151.08	
Less : Central Excise Duty	7087.11		5542.12	
Net Sales		164227.61		121608.96
Other Operating Revenue				
Insurance Claim Received	89.74		57.96	
Liabilities no longer required written back	26.95		40.88	
Prior Period Income	0.05		0.83	
Miscellaneous Income	21.47		32.56	
		138.21		132.23
Total		164365.82		121741.19

19.1 Company's Tizit (Nagaland) unit is entitled to exemption equivalent to the excise duty payable on value addition carried out by the unit. The Central Excise Duty debited to Profit and Loss Account is net of refund received ₹ 489.74 lacs (Previous year ₹ 407.98 lacs).

19.2 Company's both the units at Rudrapur (Uttarakhand) and its unit at Nalagarh (Himachal Pradesh) are exempt from levy of Central Excise Duty.

19.3 Central Excise Duty includes ₹ 117.74 lacs (Previous year ₹ 45.78 lacs) paid on account of differential excise duty for earlier years.

19.4 Particulars of sale of products

Decorative Laminates [including exports ₹ 16267.48 lacs (Previous year ₹ 13889.84 lacs), export incentives ₹ 1990.57 lacs (Previous year ₹ 1844.80 lacs) and inter transfer ₹ 460.27 lacs (Previous year ₹ 258.35 lacs)]		49949.59		41628.29
Plywood & Allied Products [including exports ₹ 84.05 lacs (Previous year ₹ 307.34 lacs), export incentives ₹ 2.83 lacs (Previous year ₹ 18.90 lacs) and inter transfers ₹ 2871.90 lacs (Previous year ₹ 3079.92 lacs)]		95341.79		79574.68
Medium Density Fibre Board [including inter transfer ₹ 58.36 lacs (Previous year ₹ 10.14 lacs)]		24371.59		4541.36
Others [including exports ₹ 33.97 lacs (Previous year ₹ 14.77 lacs), inter transfers ₹ 500.56 lacs (Previous year ₹ 992.27 lacs)]		1651.75		1406.75
		171314.72		127151.08

19.5 Manufactured goods consumed for own use is accounted for at selling price.

20 OTHER INCOME				
Interest Subsidy Received		32.45		47.51
Interest Received		558.11		419.79
Dividend		0.17		0.12
Total		590.73		467.42

Notes on Financial Statements

for the year ended 31 March 2012

₹ in Lacs

		For the year ended 31 March 2012		For the year ended 31 March 2011
21 COST OF MATERIALS CONSUMED				
Paper		18701.33		16027.20
Timber		28479.65		18875.32
Veneer		14897.70		11403.69
Chemicals		23722.67		16757.09
Plywood / Particle Board / MDF		6298.20		5727.92
Others		266.82		371.61
Total		**92366.37**		**69162.83**
Imported		31522.61		21809.12
Indigenous		60843.76		47353.71
Total		**92366.37**		**69162.83**

21.1 Raw Materials Consumed includes cost of raw materials sold ₹ 1080.33 lacs (Previous year ₹ 1165.93 lacs).

22 PURCHASE OF FINISHED/TRADED GOODS				
Plywood		8567.92		6588.60
Decorative Laminates [including inter transfer ₹ 42.81 lacs (Previous year ₹ 23.13 lacs)]		490.31		443.38
Total		**9058.23**		**7031.98**
23 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE				
Opening Stock				
Finished Goods	5467.62		4272.44	
Stock in Trade	162.99		93.57	
Goods-in-Process	1346.28	6976.89	1296.40	5662.41
Closing Stock				
Finished Goods	6824.25		5467.62	
Stock in Trade	536.33		162.99	
Goods-in-Process	1686.08	9046.66	1346.28	6976.89
Total		**(2069.77)**		**(1314.48)**
24 EMPLOYEES BENEFITS EXPENSE				
Salary, Wages & Bonus		11960.30		9726.42
Contribution to Provident Fund & Employees' State Insurance		678.66		592.15
Employees' Welfare Expenses		362.28		301.12
Total		**13001.24**		**10619.69**

24.1 Disclosures Regarding Employee Benefits

Defined Contribution Plan: Employee benefits in the form of Provident Fund and ESIC are considered as defined contribution plan and the contributions to Employees' Provident Fund Organisation established under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948, respectively, are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

Defined Benefit Plan: Retirement benefits in the form of Gratuity are considered as defined benefit obligations and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. As the Company has not funded its liability, it has nothing to disclose regarding plan assets and its reconciliation. Defined Benefit Obligation at the year end amounted to ₹ 791.80 lacs (previous year ₹ 619.64 lacs).

Actuarial assumptions:

Mortality Table (LIC)		LIC 1994-1996		LIC 1994-1996
Discount Rate (per annum)		8		8
Expected rate of return on plan assets (per annum)		–		–
Rate of escalation in salary (per annum)		5		5

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.

Notes on Financial Statements

for the year ended 31 March 2012

24 EMPLOYEES BENEFITS EXPENSES *(Contd...)*

Para 132 of Accounting Standard 15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard 5 or Accounting Standard 18. In the opinion of the management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

₹ in Lacs

		For the year ended 31 March 2012		For the year ended 31 March 2011
25 FINANCE COSTS				
Interest Expense		5978.95		4197.96
Other Borrowing Cost		99.26		228.78
Total		**6078.21**		**4426.74**
26 DEPRECIATION & AMORTISATION EXPENSE				
Depreciation & Amortisation Expense		4677.89		4102.65
Less : Transfer from Revaluation Reserve		0.76		3.23
		4677.13		**4099.42**
27 OTHER EXPENSES				
Consumption of stores & spares		1627.38		732.58
Power & Fuel		10551.23		7297.28
Rent		819.82		710.17
Repairs to buildings		117.68		88.76
Repairs to machinery		850.24		586.82
Insurance		311.73		241.94
Rates and taxes		238.59		180.06
Travelling expenses		1623.56		1168.52
Freight & delivery expenses		7293.49		4747.34
Export Expenses		1729.00		1704.18
Advertisement & Sales promotion		4479.88		3313.24
Auditors Remuneration		23.41		16.11
Bank Charges		321.76		242.82
Loss on Sale / Discard of Assets		183.24		151.65
Prior Period Expenses		13.74		18.21
Other General Expenses		3352.67		3036.76
Total		**33537.42**		**24236.44**
27.1 Consumption Of Stores & Spares				
Imported		146.04		142.99
Indigenous		1481.34		589.59
Total		**1627.38**		**732.58**
27.2 Auditors' Remuneration				
Statutory Audit Fees		14.00		9.00
Tax Audit Fees		2.00		1.00
Certification Fees		1.51		0.71
Expenses (incurred & reimbursed)		5.90		5.40
		23.41		**16.11**

Notes on Financial Statements

for the year ended 31 March 2012

28. CONTINGENT LIABILITIES AND COMMITMENTS

28.1. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 463.45 lacs (Previous year ₹ 890.58 lacs).

28.2. Contingent Liabilities

a. Counter-Guarantees given to banks for bank guarantees' established ₹ 420.13 lacs (Previous year ₹ 191.01 lacs).

b. Letter of credit established but material not received amounting to ₹ 483.54 lacs (Previous year ₹ 1644.60 lacs).

c. Guarantee/Letter of Assurance given to Banks for Bills discounting facilities (Channel Financing) – ₹ 5,000.00 lacs (Previous Year ₹ 6,000.00 lacs) and outstanding amount under this Bills Discounting facility – ₹ 2724.60 lacs (Previous year ₹ 1606.57 lacs)

d. Claims against the Company not acknowledged as debts – ₹ 47.63 lacs (Previous year – ₹ 46.13 lacs)

e. Disputed Demand of Statutory Dues in Appeal ₹ 3271.60 lacs (Previous year ₹ 3215.88 lacs). Out of it ₹ 2670.52 lacs (Previous Year ₹ 2670.52 lacs) has been stayed for recovery by the relevant Authorities.

f. Amounts covered by Show cause notices received from Excise Authorities ₹ 5842.62 lacs (Previous Year ₹ 2779.97 lacs).

g. Estimated liability of "Entry Tax" under "Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010 – ₹ 88.83 lacs (Previous Year ₹ 26.22 lacs) (stayed by High Court of Himachal Pradesh)

h. Guarantee given to Banks in respect of loans to its wholly owned subsidiary US Dollar 10,000,000 (Previous Year US Dollar 10,000,000) and Singapore Dollar 14,00,000 (Previous Year Singapore Dollar 14,00,000) equivalent to ₹ 5654.81 lacs (Previous Year ₹ 4952.62 lacs), translated at year-end exchange rate.

i. In respect of capital goods imported at the concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately ₹ 18834.94 lacs (previous year ₹ 21241.90 lacs), which is required to be met at different dates, before 30.12.2018 (previous year 28.03.2019). In the event of non-fulfillment of the export obligation, the Company will be liable to pay customs duties of approximately ₹ 2354.37 lacs (Previous Year ₹ 2655.24 lacs) together with interest, as applicable.

29. CHANGE IN ACCOUNTING POLICY

The Company has exercised the option available to it under Rule 46A of the Companies (Accounting Standards) (Second Amendment) Rules, 2011 in respect of accounting for fluctuations in foreign exchange relating to "Long Term Foreign Currency Monetary Items". Accordingly, it has adjusted a sum of ₹ 872.16 lacs to the cost of its fixed assets on account of such difference arising during the year and has provided for the depreciation thereon over the balance useful life of the respective assets. Consequently, the charge to the Statement of Profit and Loss is lower to that extent. The figures for earlier year have not been re-stated pursuant to such change in accounting treatment and so the same are not comparable to that extent.

30. Balances under Trade receivables, Trade Payables, Loans and Advances payable or receivable are subject to confirmation to be received from some of the parties.

31. NEGATIVE NET WORTH OF A SUBSIDIARY :

The company has invested ₹ 740.23 lacs (Previous Year ₹ 740.23 lacs) as equity contribution in Greenlam America Inc., a wholly owned subsidiary. In addition, trade receivables from it amounted to ₹ 1444.09 lacs (Previous Year ₹ 1256.15 lacs) as on 31st March, 2012. The net worth of the subsidiary is negative as on 31st March, 2012 as the accumulated losses of the Company at ₹ 1100.47 lacs (Previous Year ₹ 1198.30 lacs) have exceeded the paid up share capital of the said subsidiary company by ₹ 360.24 lacs (Previous Year ₹ 458.07 lacs). On consideration of the long term business outlook and future growth plans of the said subsidiary, the Management is of the opinion that losses are temporary in nature and going concern nature of the business is not adversely affected. In view of the above, no diminution in the value of investment is required and the trade receivables are fully recoverable.

32. SEGMENT REPORTING (UNDER ACCOUNTING STANDARD AS - 17 ISSUED BY ICAI)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As part of Secondary reporting, revenues are attributed to geographical areas based on the location of the customers. The following table present the revenue, profit, assets and liabilities information relating to the business / geographical segment for the year ended 31st March, 2012.

Notes on Financial Statements

for the year ended 31 March 2012

Information about Business Segments - Primary *₹ in Lacs*

Reportable Segment	Plywood & Allied Products		Laminate & Allied Products		Medium Density Fibre Board & Allied Products		Unallocated		Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
REVENUE										
External Sales	82741.28	67283.89	60369.00	50977.48	24313.34	4531.22	–	17.82	167423.62	122810.41
Inter-segment Sales	2950.96	3040.46	881.78	1283.04	58.36	17.18	–	–	3891.10	4340.68
Gross Sales	85692.24	70324.35	61250.78	52260.52	24371.70	4548.40	–	17.82	171314.72	127151.09
Less : Excise Duty	4134.11	2899.19	2953.00	2642.93	–	–	–	–	7087.11	5542.12
Net Sales	**81558.13**	**67425.16**	**58297.78**	**49617.59**	**24371.70**	**4548.40**	**–**	**17.82**	**164227.61**	**121608.97**
RESULT										
Segment Result	6436.75	8520.07	4925.49	3195.10	2344.84	(3308.57)	–	17.82	13707.08	8424.42
Unallocated Corporate Expenses							1695.04	1331.14	1695.04	1331.14
Operating Profit									12012.04	7093.28
Less : Interest Expense							6078.21	4426.74	6078.21	4426.74
Add : Interest Income							558.11	419.79	558.11	419.79
Profit before Tax									6491.94	3086.33
Current Tax									265.10	–
Deferred Tax									885.87	577.42
Profit after Tax									**5340.97**	**2508.91**
OTHER INFORMATION										
Segment Assets	**45902.78**	**39248.12**	**47821.43**	**42744.14**	**32648.10**	**29607.32**	**4939.09**	**3680.57**	**131311.40**	**115280.15**
Segment Liabilities	20247.80	15081.10	16463.70	9521.09	3743.33	3240.95	1270.41	755.44	41725.23	28598.58
Loan Fund							49135.51	51979.85	49135.51	51979.85
Deferred Tax Liabilities (Net)							3355.51	2469.64	3355.51	2469.64
Shareholders' Funds							37095.15	32232.08	37095.15	32232.08
Total Liabilities									**131311.40**	**115280.15**
Capital Expenditure	2973.82	4178.56	1115.28	3167.80	2502.15	2873.37	329.50	227.11	6920.75	10446.84
Depreciation	1183.27	958.33	1764.76	1571.50	1458.10	1335.86	271.00	233.73	4677.13	4099.42
Non-cash expenses other than depreciation	88.48	52.80	55.78	40.05	13.63	28.18	14.27	1.74	172.16	122.77

Secondary Segment - Geographical by location of customers *₹ in Lacs*

	Revenue		Carrying Amount of Segment Assets		Additions to Fixed Assets	
	For the year ended		For the year ended		For the year ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
India	147842.11	107397.01	123723.61	110726.54	6920.75	10446.85
Other Asian Countries	8681.00	6980.40	4880.41	2268.87	–	–
Middle East Countries	3009.04	2507.47	557.86	241.45	–	–
Europe	2133.14	2560.83	514.05	582.12	–	–
North America	2184.27	1799.46	1475.47	1361.58	–	–
Australia	–	89.46	–	–	–	–
Africa	378.05	274.3	160.00	99.59	–	–
	164227.61	121608.97	131311.40	115280.15	6920.75	10446.85

Notes:

a) **Segment Assets and Liabilities :**

All Segment Assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, advances and operating cash and bank balances. Segment assets and liabilities do not include investments, inter-corporate deposits and advances, share capital, reserves and surplus, borrowings, provision for gratuity, proposed dividend and income tax (both current and deferred).

b) **Segment Revenue and Expenses :**

Segment revenue and expenses are directly attributable to the segment. It does not include dividend income, profit on sale of investments, interest expense (net), other expenses which cannot be allocated on a reasonable basis and provision for income tax (both current and deferred).

Notes on Financial Statements

for the year ended 31 March 2012

33. RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD AS - 18

33.1 List of related parties where control exists and related parties with whom transactions have taken place and relationships:

a) Wholly owned Subsidiary Companies
   i) Greenlam Asia Pacific Pte. Ltd.
   ii) Greenlam America, Inc.

b) Parties where control exists
   i) Himalaya Granites Ltd.
   ii) Prime Holdings Pvt Ltd.
   iii) S.M.Management Pvt Ltd.
   iv) Greenply Leasing & Finance Ltd.
   v) Prime Properties Pvt Ltd.
   vi) Vanashree Properties Pvt Ltd.
   vii) Trade Combines

c) Key Management Personnel
   i) Mr. Shiv Prakash Mittal, Executive Chairman
   ii) Mr. Rajesh Mittal, Managing Director
   iii) Mr. Saurabh Mittal, Jt. Managing Director & CEO
   iv) Mr. Shobhan Mittal, Executive Director

d) Relative of Directors:
   Ms. Parul Mittal

33.2. Transactions during the year: *₹ in Lacs*

Particulars	Subsidiaries	Control	Key Management Personnel	Relatives of Directors
Sale of Products	10459.70	–	–	–
	(7933.47)	(–)	(–)	(–)
Payment towards Services Received	–	126.72	–	34.84
	(–)	(81.64)	(–)	(31.19)
Finance (Equity Contribution)	–	–	–	–
	(461.80)	(–)	(–)	(–)
Finance (Loan Received)	–	–	–	–
	(–)	(1543.79)	(–)	(–)
Managerial Remuneration	–	–	615.49	–
	(–)	(–)	(382.35)	(–)
Guarantee Given	5654.81	–	–	–
	(4952.62)	(–)	(–)	(–)
Amount Outstanding as at Balance Sheet date				
Trade Receivable	5940.05	–	–	–
	(2950.57)	(–)	(–)	(–)

33.3. Details of material related party transactions [included in 33.2] Disclosed as required by clause 32 of the listing agreement *₹ in Lacs*

Particulars	Wholly Owned Subsidiaries	
	Greenlam Asia Pacific Pte. Ltd.	Greenlam America, Inc.
Sale of Products	8167.01	2292.70
	(6505.26)	(1428.21)
Finance (Equity Contribution)	–	–
	(–)	(461.80)
Guarantee Given	5654.81	–
	(4952.62)	(–)
Amount Outstanding as at Balance Sheet date		
Trade Receivable	4495.96	1444.09
	(1674.62)	(1275.95)

Notes on Financial Statements

for the year ended 31 March 2012

33.4. Investments by the loanee in the shares of the parent Company and its subsidiary companies, when the Company has made a loan or advance in the nature of loan ₹ NIL (Previous Year ₹ NIL)

Notes :
1. Related Party Relationship is as identified by the Company and relied upon by the Auditors.
2. Figures for the previous year have been given in brackets.

34. LEASES

The company has taken certain vehicles under non-cancelable operating lease arrangements. The future minimum lease payments in respect of such non-cancelable leases as at 31st March, 2012 are summarised below:

₹ in Lacs

	As at 31.03.2012	As at 31.03.2011
Amount due within one year	13.66	13.66
Amount due between one year and five year	23.25	36.91
Amount due above five years	–	–
	36.91	**50.57**

35. EARNINGS PER SHARE

		Year ended 31.03.2012	Year ended 31.03.2011
Calculation of weighted average number of equity shares of ₹ 5 each			
No of Shares at the beginning of the year		24136374	22096680
Shares issued on 24.03.2011		–	2039694
Total no. of equity shares outstanding at the end of the year		24136374	24136374
Equity shares outstanding for 366 days		24136374	–
Equity shares outstanding for 357 days		–	22096680
Equity shares outstanding for 8 days		–	24136374
Weighted average number of equity shares outstanding during the year		24136374	22141386
Net Profit (after tax, available for equity shareholders)	₹ in Lacs	5340.97	2508.91
Basic Earnings Per Share	₹	22.13	11.33
No of Shares & Warrants at the beginning of the year		24136374	24136374
Total no. of equity shares and Warrants outstanding at the end of the year		24136374	24136374
Equity shares outstanding for 366/365 days		24136374	24136374
Weighted average number of equity shares outstanding during the year		24136374	24136374
Net Profit (after tax, available for equity shareholders)	₹ in Lacs	5340.97	2508.91
Diluted Earnings Per Share	₹	22.13	10.39

36. VALUE OF IMPORTS ON C.I.F. BASIS

₹ in Lacs

	Year ended 31.03.2012	Year ended 31.03.2011
Raw Materials	34954.48	22491.07
Stock in Trade	2344.58	195.85
Stores & Spare Parts	285.67	372.93
Capital Goods	259.23	776.73
	37843.96	**23836.58**

37. EXPENDITURE IN FOREIGN CURRENCY

₹ in Lacs

	Year ended 31.03.2012	Year ended 31.03.2011
Capital Expenditure	86.35	–
Revenue Expenditure	1799.95	1786.30
	1886.30	**1786.30**

38. EARNINGS IN FOREIGN CURRENCY

₹ in Lacs

	Year ended 31.03.2012	Year ended 31.03.2011
FOB Value of Exports	16950.31	13749.87

Notes on Financial Statements
for the year ended 31 March 2012

39. INFORMATION REGARDING MICRO, SMALL AND MEDIUM ENTERPRISES

As at 31st March, 2012, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with the appropriate authority under Micro, Small and Medium Enterprises Act, 2006. So, no disclosure is made. The Company has compiled this information based on the current information in its possession.

40. ACCOUNTS OF SUBSIDIARY COMPANIES

The accounts of the subsidiary companies are not attached herewith as the Board of Directors of the Company resolved to avail the general exemption granted by the Ministry of Corporate Affairs, Government of India vide its Circular no.2/ 2011 dated 8th February, 2011.

As per our annexed report of even date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: 30th May 2012

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Auditors' Report on the Consolidated Financial Statements

To
The Board of Directors of
Greenply Industries Limited

We have audited the attached Consolidated Balance Sheet of **M/s. GREENPLY INDUSTRIES LIMITED** and its wholly owned subsidiaries, collectively called the Group, as at 31st March 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date 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.

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.

We did not audit the consolidated financial statements of a wholly owned subsidiary company, whose financial statements reflect total assets of ₹ 7239.48 lacs as at 31st March, 2012, total revenue of ₹ 13567.60 lacs and cash inflows amounting to ₹ 73.20 lacs for the year then ended in which the share of profit of the Group is ₹ 229.57 lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We have relied on the unaudited financial statements of another wholly owned subsidiary company whose financial statements reflect total assets of ₹ 1108.15 lacs as at 31st March, 2012, total revenue of ₹ 3333.81 lacs and cash inflows amounting to ₹ 16.15 lacs for the year then ended. These unaudited financial statements as approved by the Board of Directors of the said subsidiary Company have been furnished to us by the Company's management and our report in so far as it relates to the amounts included in respect of the said subsidiary is based solely on such approved unaudited financial statements.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard AS-21 on Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with Significant Accounting Policies and other notes appearing thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at 31st March, 2012;

ii) in the case of the Consolidated statement of Profit & Loss, of the Profit of the group for the year ended on that date; and

iii) in the case of the Consolidated Cash Flow Statement of the cash flows of the group for the year ended on that date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place : Kolkata
Dated: 30th May, 2012

Consolidated Balance Sheet as at 31 March 2012

₹ in Lacs

	Note No.	31 March 2012		31 March 2011	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	1206.82		1206.82	
Reserves & Surplus	2	35077.08		29909.96	
			36283.90		31116.78
Minority Interest			0.65		–
Non-current Liabilities					
Long-Term Borrowings	3	27018.37		29283.54	
Deferred Tax Liabilities (Net)	4	3366.73		2473.29	
Other Long Term Liabilities	5	743.54		520.75	
Long-Term Provisions	6	1233.63		966.86	
			32362.27		33244.44
Current Liabilities					
Short-Term Borrowings	7	34174.66		24041.71	
Trade Payables		21494.78		17168.22	
Other Current Liabilities	8	12614.53		11405.89	
Short-Term Provisions	9	713.12		365.62	
			68997.09		52981.44
Total			137643.91		117342.66
ASSETS					
Non-current Assets					
Fixed Assets :	10				
Tangible Assets		62770.50		60751.73	
Intangible Assets		415.42		471.91	
Capital Work-in-Progress		1115.25		1053.84	
Intangible Assets under Development		234.93		–	
		64536.10		62277.48	
Investments	11	8.96		8.96	
Long Term Loans & Advances	12	1408.93		1335.23	
Other Non-current Assets	13	275.80		44.69	
			66229.79		63666.36
Current Assets					
Inventories	14	29618.12		24605.70	
Trade Receivables	15	31598.88		20593.11	
Cash & Bank Balances	16	1575.95		1518.24	
Short Term Loans & Advances	17	8595.55		6933.63	
Other Current Assets	18	25.62		25.62	
			71414.12		53676.30
Total			137643.91		117342.66
Significant Accounting Policies					
Notes on Financial Statements	1 to 40				

As per our annexed report of even date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: 30th May 2012

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Consolidated Statement of Profit and Loss for the year ended 31 March 2012

₹ in Lacs

	Note No.	31 March 2012		31 March 2011	
INCOME					
Revenue from Operations	19		170811.23		126071.04
Other Income	20		590.90		467.42
Total Revenue			**171402.13**		**126538.46**
EXPENDITURE					
Cost of Materials Consumed	21		92366.37		69162.83
Purchase of finished/traded goods	22		12043.40		9055.75
Changes in Inventories of Finished Goods,					
Stock in Process and Stock in Trade	23		(2281.29)		(1838.76)
Payments & Other Benefits to Employees	24		14539.08		11744.47
Finance Cost	25		6127.31		4476.56
Depreciation & Amortisation	26		4829.55		4182.66
Other Expenses	27		35157.15		25909.25
Loss/(Gain) due to Fluctuation in					
Foreign Exchange Rates			1775.44		924.85
Total Expenditure			**164557.01**		**123617.61**
Profit before Tax			**6845.12**		**2920.85**
Tax Expense					
Current Tax		1315.56		620.00	
Earlier Years Tax		–		0.11	
Less : Mat Credit Entitlement		1033.79		620.00	
		281.77		0.11	
Deferred Tax		892.54		574.08	
			1174.31		574.19
			5670.81		2,346.66
Impairment Loss recognised on goodwill			0.31		–
Minority Interest			(0.14)		–
Profit for the Year			**5670.64**		**2346.66**
Earnings per Equity Share of face value of ₹ 5 each	35				
Basic (in ₹)			23.49		10.60
Diluted (in ₹)			23.49		9.72
Significant Accounting Policies					
Notes on Financial Statements	1 to 40				

As per our annexed report of even date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: 30th May 2012

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Consolidated Cash Flow Statement for the year ended 31 March 2012

₹ in Lacs

	31 March 2012		31 March 2011	
A. CASH FLOW ARISING FROM OPERATING ACTIVITIES:				
Net Profit before Tax and Extraordinary items		6845.12		2920.85
Add: a) Depreciation	4829.55		4182.66	
b) Finance Costs	6127.31		4476.56	
c) Loss on Sale / Discard of Fixed Assets	201.50		151.65	
d) Gratuity	201.68		183.64	
e) Share Issue Expenses written off	25.62		25.62	
f) Impairment of goodwill	0.31		–	
g) Effect of Exchange Rate Changes	(255.35)		(51.86)	
		11130.62		8968.27
		17975.74		11889.12
Less: a) Interest Income	558.28		419.79	
b) Insurance Claim Received	89.74		57.96	
c) Dividend Received	0.17		0.12	
		648.19		477.87
Operating Profit before Working Capital Changes		17327.55		11411.25
Less: a) Increase in Trade and Other Receivables	11997.47		5217.12	
b) Increase in Inventories	5012.42		3477.16	
c) Decrease in Trade Payables	(5366.01)	11643.88	78.81	8773.09
Cash Inflow (+)/Outflow (-) from Operations		5683.67		2638.16
Add/Less: a) Income Tax Paid/refund received (-)	1293.56		642.45	
b) Gratuity Paid	29.52	1323.08	60.87	703.32
Net Cash Inflow (+)/Outflow (-) in course of Operating Activities		**4360.59**		**1934.84**
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:				
OUTFLOW				
a) Acquisition of Fixed Assets	6669.82		11229.02	
c) Investment	–		–	
		6669.82		11229.02
Less : INFLOW				
a) Sale of Fixed Assets	251.24		312.55	
b) Interest Received	558.28		419.79	
c) Dividend Received	0.17		0.12	
d) Receipt of Capital Subsidy	30.00		–	
e) Insurance Claim Received	89.74	929.43	57.96	790.42
Net Cash Inflow (+) / Outflow (-) in course of Investing Activities		**(5740.39)**		**(10438.60)**

Consolidated Cash Flow Statement for the year ended 31 March 2012

₹ in Lacs

	31 March 2012		31 March 2011	
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:				
INFLOW				
a) Proceeds from issue of Share Capital	28.28		2,896.37	
b) Long Term Borrowings	5500.00		9000.00	
c) Short Term Borrowings (Net)	10132.95		6573.05	
d) Deferred Payment Liabilities (Net)	235.82		81.31	
		15897.05		18550.73
DEDUCT : OUTFLOW				
a) Share Issue Expenses	–		2.89	
b) Long Term Borrowings	8697.41		4940.35	
c) Interest Paid	5749.48		4395.83	
d) Dividend & Corporate Dividend Tax Paid	280.52		386.50	
		14727.41		9725.57
Net Cash Inflow in course of Financing Activities		**1169.64**		**8825.16**
Net Increase (+) / Decrease in Cash/Cash Equivalents (A+B+C)		(210.16)		321.40
Add : Balance at the beginning of the year		935.79		614.39
Cash / Cash Equivalents at the close of the Year		**725.63**		**935.79**

As per our annexed report of even date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: 30th May 2012

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Significant accounting policies and notes forming part of the consolidated financial statements

1.00 SIGNIFICANT ACCOUNTING POLICIES:

1.01. Disclosure of Accounting Policies (AS-1):

1. 01.01. Nature of Operation: Company is an interior infrastructure company engaged in the business of manufacturing plywood and allied products, laminates, particle boards, medium density fibre boards, etc. through its factories at various locations and branches & dealers' network spread all over the country. It has two wholly owned subsidiaries company operating in Singapore & America. It imports raw materials for manufacturing and also finished goods for trading. Manufactured goods are exported to various countries. The Overseas subsidiaries of the Company are engaged in the business of trading in similar products.

1.01.02. Accounting concepts & basis of presentation: The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis, except for certain fixed assets which are revalued. GAAP comprises mandatory accounting standards as specified in the Company (Accounting Standards) Rules 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an on-going basis. Where changes are made in presentation, the comparative figures of the previous year are regrouped and re-arranged accordingly.

1.01.03. Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.01.04. Companies included in consolidation: Greenlam Asia Pacific Pte Ltd. (Formerly: Gil Intercontinental Pte. Ltd.), Singapore and Greenlam America Inc., Florida (U.S.A) continue to be wholly-owned subsidiaries of the Company. Greenlam Asia Pacific Pte. Ltd. has two subsidiaries, viz. Greenlam Asia Pacific (Thailand) Co., Ltd. and Greenlam Holding Co., Ltd. in which minority interest is 2.50% and 1.00% respectively. Transactions relating to profit & loss account for the entire year have been included in the profit & loss account.

1.02. Valuation of inventories (AS-2):

1.02.01. Stock of Raw Materials, Stores and spare parts are valued at cost; and of those in transit, at port and at Bonded Warehouse related to these items are valued at cost to date.

1.02.02. Goods-in-process is valued at cost.

1.02.03. Stock of Finished goods and semi-finished goods are valued at cost or net realisable value whichever is lower.

1.02.04. Waste and scraps are accounted at estimated realisable value.

1.02.05. Cost of inventories is generally ascertained on the 'weighted average' basis, except for stock of Timber Logs lying in Kriparampur and Rudrapur units, which are ascertained on 'FIFO' basis. Goods-in-process, finished and semi-finished goods are valued on absorption cost basis.

1.03. Cash flow statement (AS – 3):

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company are segregated. Cash and cash equivalents in the balance sheet comprise cash at bank (excluding pledged term deposits), cash/cheque in hand and short term investments with an original maturity of three months or less.

1.04. Contingencies and events occurring after balance sheet date (AS -4):

Disclosure of contingencies as required by the accounting standard is furnished in the Notes on accounts.

1.05. Net profit or loss for the period, prior period items and changes in accounting policies (AS – 5):

Net Profit or loss for the period and prior period items are shown separately in the Profit & Loss Account.

1.06 Depreciation (AS – 6):

Relating to the Parent Company

1.06.01. Depreciation on Fixed Assets is provided for on straight-line method in accordance with and generally at the rates specified in Schedule XIV to the Companies Act, 1956. Leasehold lands at Kriparampur, Rudrapur and Rajkot units are amortised over the period of lease. Other leasehold lands are not amortised.

1.06.02. Depreciation in respect of additions to assets has been charged on pro rata basis with reference to the period of use of such assets. The provision for depreciation for multiple shifts has been made in respect of eligible assets on the basis of operation of respective units. In respect of continuous process plant, depreciation has been provided as per rates prescribed in Schedule XIV of the Companies Act, 1956.

Significant accounting policies and notes forming part of the consolidated financial statements

Relating to Greenlam Asia Pacific Pte. Ltd

1.06.03. Depreciation on fixed assets is calculated to write off the cost of the assets on a straight-line method over its estimated period of use.

Relating to Greenlam America Inc.

1.06.04. Depreciation on fixed assets is provided for on Straight Line Method as used for Federal Income Tax purposes.

1.07. Revenue recognition (AS -9):

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.07.01. Sale of Goods: Sales are accounted for on despatch of products to customers. Gross sales shown in the Profit & Loss Account are inclusive of Excise Duty, Value added Tax/Sales Tax and the value of self-consumption and inter-transfers but excludes discounts. Net sales are shown after deducting Excise duty and Value Added Tax/Sales Tax which are disclosed at appropriate places.

1.07.02. Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable

1.07.03. Dividends: Dividend from investment is recognised when the Company in which they are held declares the dividend and when the right to receive the same is established.

1.07.04. Export incentives: Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme (DEPB)", Duty Free Replenishment Certificate (DFRC), Duty Free Import Authorisation (DFIA) Scheme to the extent of their face value are accounted for as and when exports are made i.e., in the year of export. Profit or loss arising on utilisation of the same and/or sale thereof are accounted for in the year in which either the imports are made against the said DEPB, DFRC or DFIA and/or the same are sold.

1.07.05. In case of manufacturing units exempt from payment of VAT/Sales tax under State laws, VAT input credit receivable is carried forward as an asset to the extent it is eligible for set-off in subsequent years.

1.08. Accounting for fixed assets (AS – 10):

1.08.01. Fixed assets, which are revalued, are stated at revalued amounts as a result of their revaluation.

1.08.02. Other Fixed Assets are stated at cost less accumulated depreciation. Cost includes borrowing costs as per Accounting Standard AS-16 issued by Institute of Chartered Accountants of India (ICAI) and all incidental expenditure net of CENVAT, Service Tax Input Credit and VAT Input Credit, wherever applicable.

1.08.03. Revenue expenses incurred in connection with project implementation insofar as such expenses relate to the period prior to the commencement of commercial production are treated as part of project cost and capitalised

1.09. Accounting for the effects in foreign exchange rates (AS – 11):

1.09.01. Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transactions.

1.09.02. In conformity with revised Accounting Standard (AS – 11), issued by the Institute of Chartered Accountants of India (ICAI), monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the difference between the forward rate and exchange rate on the date of transaction, such difference having been amortised over the life of the contract.

1.09.03. Non-monetary items carried at historical cost are reported using the rate at the date of transaction.

1.09.04. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

1.09.05. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account. However, in case of long term liabilities, where they relate to acquisition of fixed assets, the income or expense on account of exchange difference is adjusted to the carrying cost of such assets.

1.09.06. In case of its wholly owned subsidiary companies, being non-integral foreign operations, the items are translated by applying (a) actual rates for items of income and expenses in the statement of Profit and Loss and (b) closing rate in respect of both monetary and non-monetary items in the Balance Sheet. The resulting exchange differences relating to long-term monetary items are accumulated in a separate account, rather than being recognised in the Profit and Loss Account. Such difference is ultimately dealt with when the net investment in the related foreign operation is disposed off.

1.10. Accounting for investment (AS – 13):

Investments, being long term in nature, are valued at cost of acquisition. Adjustment for increase/decrease in the value of investments, if any, will be accounted for on realisation of the investments. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

Significant accounting policies and notes forming part of the consolidated financial statements

1.11. Employee benefits (AS – 15):

1.11.01. Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

1.11.02. Past employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

1.12. Borrowing costs (AS – 16):

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 takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

1.13. Segment reporting (AS – 17):

1.13.01. Identification of Segments:

Primary Segment

Business Segment:

The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The identified segments are Manufacturing & Sale of (a) Plywood & Allied products; and (b) Laminates & Allied products, and (c) Medium Density Fibre Boards.

Secondary Segment

Geographical Segment:

The analysis of geographical segment is based on the geographical location of the customers.

The geographical segments considered for disclosure are as follows:

- Sales within India include sales to customers located within India.
- Sales outside India include sales to customers located outside India.

1.13.02. Allocation of Common costs: Common allocable costs are allocated to each segment according to the ratio of their respective turnover to the total turnover.

1.13.03. Unallocated items: The Unallocated Segment includes general corporate income and expense items, which are not allocated to any business segment.

1.14. Related party disclosures (AS – 18):

Disclosure of related parties as required by the accounting standard is furnished in the Notes on accounts.

1.15. Leases (AS – 19):

In accordance with Accounting Standard 19 "Accounting for leases", lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating leases. Lease payments under operating lease are recognised as an expense in the profit and loss account.

1.16. Earnings per share (AS – 20):

Basic earnings (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.17. Consolidated financial statements (AS – 21):

1.17.01. The consolidated financial statements of the parent and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Intragroup balances and intragroup transactions and resulting unrealised profits (losses) are eliminated in full. Consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances to the extent practicable and in case of difference, the same is disclosed.

1.17.02. Investments in subsidiaries are accounted for in accordance with Accounting Standard (AS) 13 – Accounting for Investments

1.17.03. The company has two wholly owned subsidiary companies. Further, one of the wholly owned subsidiary company has two other subsidiaries. The minority interests of the subsidiaries have been presented.

1.18. Accounting for taxes on income (AS – 22):

The differences that result between the profit considered for income taxes and the profit as per the financial statements

Significant accounting policies and notes forming part of the consolidated financial statements

are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Deferred Tax Assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.19. Interim financial reporting (AS – 25):

The quarterly financial results are published in accordance with the requirements of listing agreements with stock exchanges.

1.20. Intangible assets (AS – 26):

1.20.01. The values of internally generated intangible assets are not recognised in the accounts.

1.20.02. Intangible assets acquired by payment e.g., Trade marks and Goodwill are disclosed at cost less amortisation on a straight-line basis over its estimated useful life.

1.21. Impairment of assets (AS – 28):

There is no indication of any impairment based on internal/external factors in relation to the assets of the Company and as such, this Standard is not applicable in case of the Company.

1.22. Provisions, contingent liabilities and contingent assets (AS – 29):

1.22.01. Provisions are made for present obligations arising as a result of past events.

1.22.02. Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts.

1.22.03. Contingent assets are not accounted for but are disclosed by way of Notes on Accounts.

1.23. Central Excise Duty:

Excise Duty liability accruing on manufacture is accounted for as and when the liability for payment arises under the Central Excise Act, 1944. Duty on finished goods lying at stock at factory at the close of the year has not been provided for in the accounts and hence not included in the valuation of inventory of such goods. However the said liability if accounted would have no impact on the financial results for the accounting period.

1.24. Consumption of raw materials, stores & spare parts etc.:

Raw Materials, Stores and spare parts etc., consumed are exclusive of (a) Excise Duty on inputs under Cenvat Scheme, (b) Service tax input credits, (c) Insurance Claims received (d) Entry Tax under Rajasthan Local Sales Tax Act under set-off scheme and (e) VAT Input Credit under State laws, wherever applicable.

1.25. Service tax & cess:

Various expenses are accounted for after deducting the input tax credit available in respect of Service Tax, Education Cess and Secondary & Higher Education Cess.

1.26. Taxation:

1.26.01. Tax expenses comprise of income tax, corporate dividend tax, deferred tax including applicable surcharge and cess.

1.26.02. Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

1.26.03. MAT (Minimum Alternate Tax) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying out of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.26.04. Provision for deferred tax or credit for release thereof is accounted for as ascertained in accordance with principles stated in para 1.26.01 hereinabove.

1.26.05. Tax on distributed profits payable in accordance with the provisions of section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
1 SHARE CAPITAL				
1.1 Authorised				
Equity Shares of ₹ 5 each	32000000	1600.00	32000000	1600.00
Cumulative Redeemable Preference Shares of ₹10 each	5000000	500.00	5000000	500.00
	37000000	2100.00	37000000	2100.00
1.2 Issued, Subscribed and Fully Paid up				
Equity Shares of ₹ 5 each	24136374	1206.82	24136374	1206.82
1.3 The reconciliation of the number of shares outstanding				
Equity Shares at the beginning of the year	24136374	1206.82	22096680	1104.83
Add : Allotted during the year	–	–	2039694	101.99
Total	24136374	1206.82	24136374	1206.82
1.4 Name of the Shareholders holding more than 5% Shares				
	Number	%	Number	%
EQUITY SHARES				
S.M.Management Pvt Ltd	3543462	14.68%	3543462	14.68%
Greenply Leasing & Finance Ltd	2714731	11.25%	2714731	11.25%
Ashish Dhawan	2429545	10.07%	2391927	9.91%
Prime Holdings Pvt Ltd	2408560	9.98%	2408560	9.98%
Jai-Vijay Resources Pvt Ltd	1294245	5.36%	1294245	5.36%
Shiv Prakash Mittal, Santosh Mittal, Rajesh Mittal & Karuna Mittal on behalf of Trade Combines, partnership firm			2110476	8.74%
Shiv Prakash Mittal, Saurabh Mittal & Shobhan Mittal on behalf of Trade Combines, partnership firm	2110476	8.74%		

1.5 Disclosure as per SEBI guidelines

On 24.03.2011, the Company allotted 20,39,694 equity shares of ₹ 5 each at a premium of ₹ 137 per equity share on account of conversion of 20,39,694 detachable warrants issued and allotted on 16th October, 2009 pursuant to the Letter of Offer dated 14th September, 2009 and received ₹ 2924.64 lacs (including ₹ 28.27 lacs brought in by promoters/promoter group as advised by stock exchanges under instruction from SEBI) from the said conversion of detachable warrants. The said proceeds have been fully utilised towards the following purposes.

Particulars	₹ in Lacs
MDF Project	1985.42
Laminate Project	104.66
General Corporate Purpose	834.13
Issue Expenses	0.43
Total	2924.64

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	As at 31 March 2012		As at 31 March 2011	
2 RESERVES & SURPLUS				
Capital Reserve				
As per last Balance Sheet	20.00		20.00	
Add: Capital Subsidy Received under "Central Capital Investment Subsidy Scheme, 2003"	30.00		–	
		50.00		20.00
Capital Redemption Reserve				
As per last Balance Sheet		500.00		500.00
Securities Premium Account				
As per last Balance Sheet	11597.64		8803.26	
Add: Received during the year	28.28		2794.38	
		11625.92		11597.64
Revaluation Reserve				
As per last Balance Sheet	33.68		95.13	
Less: Transfer to Statement of Profit & Loss				
a. On account of difference between depreciation on revalued cost of assets and it's original cost	0.76		3.23	
b. On account of difference on loss on asset discarded between revalued written down value and it's original written down value	–		58.22	
		32.92		33.68
General Reserve				
As per last Balance Sheet	4478.58		3978.58	
Add: Transferred from Statement of Profit and Loss	700.00		500.00	
		5178.58		4478.58
Surplus				
As per last Balance Sheet	13280.06		11713.92	
Add : Net profit for the current year	5670.64		2346.66	
Less : Transfer to General Reserve	700.00		500.00	
Less: Proposed Dividend on Equity Shares	482.73		241.36	
[Dividend Per Share ₹ 2 (Previous year ₹ 1)]				
Less : Tax on Distribution of Dividend	78.31		39.16	
		17689.66		13280.06
Total		35077.08		29909.96
3 LONG-TERM BORROWINGS				
Secured				
Term Loans				
From Banks				
Foreign Currency Loans	10284.47		12810.73	
Rupee Loans	15113.03		14389.05	
		25397.50		27199.78
From Others				
Rupee Loans		1176.70		1764.95
Deferred Payment Liabilities		183.49		176.23
		26757.69		29140.96
Unsecured				
Deferred Payment Liabilities		260.68		142.58
Total		27018.37		29283.54

3.1 Term Loan from Landesbank Baden-Wurttenberg is secured by first priority security charge on Main Press Line of MDF plant.

3.2 All other Term Loans are secured by first mortgage and charge on the immovable and movable properties of the company other than immovable properties at Tizit, Nagaland and Main Press line of MDF plant, ranking on pari passu basis, save and except current assets, both present and future and second charge over the current assets.

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

3 LONG-TERM BORROWINGS *(Contd...)*

3.3 Term Loan from United Overseas Bank Ltd. is secured against the property at 11, Sungei Kadut Crescent, Singapore and personal Guarantee of a Director and Chief Operating Officer of Greenlam Asia Pacific Pte. Ltd. and corporate guarantee of Greenply Industries Ltd.

3.4 Deferred payment liabilities are in respect of finance of vehicles and are secured by hypothecation of the respective vehicles.

3.5 Terms of Repayment and Rate of Interest of Term Loans

₹ in Lacs

	Rate of	Repayment Schedule				
	Interest	2013-14	2014-15	2015-16	2016-17	2017-18
Term Loans from Banks	3.42%	1332.93	1332.93	1332.93	1332.93	1333.26
	9.25%	1677.06	1677.06	–	–	–
	11.75%	1250.00	1250.00	937.50	–	–
	11.90%	750.00	750.00	187.50	–	–
	12.75%	3342.33	2644.00	2480.67	187.53	–
	14.75%	666.60	666.90	–	–	–
	2.98%	265.37	–	–	–	–
Term Loans from Others	10.75%	472.00	467.76	–	–	–
	11.50%	116.00	120.94	–	–	–

	As at 31 March 2012		As at 31 March 2011	
4 DEFERRED TAX LIABILITIES (NET) :				
Deferred Tax Liabilities :				
Depreciation		4093.42		3091.75
Less : Deferred Tax Assets :				
Provision for Gratuity/Liabilities	575.88		450.43	
Deviation in value of Closing Stock U/S 145A	150.81		168.03	
		726.69		618.46
Total		3366.73		2473.29
5 OTHER LONG TERM LIABILITIES				
Others				
Security Deposits from Customers		743.54		520.75
6 LONG TERM PROVISIONS				
Provisions for Employee Benefits (unfunded)				
For Gratuity		754.75		597.36
For Leave Encashment		478.88		369.50
Total		1233.63		966.86

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	As at 31 March 2012		As at 31 March 2011	
7 SHORT TERM BORROWINGS				
Secured				
Working Capital Loans				
- from Banks				
Foreign Currency Loans	1734.82		1312.71	
Rupee Loans	6499.00		5562.73	
- from Others				
Foreign Currency Loans	–		445.80	
Rupee Loans	670.00		670.00	
		8903.82		7991.24
Unsecured				
Other Loans and advances				
- from Banks				
Foreign Currency Loan - Buyers' Credit	19305.87		7763.16	
Rupee Loans	1000.00		3000.00	
- from Others				
Rupee Loans	4964.97		5287.31	
		25270.84		16050.47
Total		34174.66		24041.71

7.1 All Working Capital Loans are secured by first charge by way of hypothecation of current assets and second charge over movable and immovable properties of the Company except immovable properties at Tizit, Nagaland and Main Press line of MDF Plant, on pari-passu basis.

Working Capital Loans of Greenlam Asia Pacific Pte Ltd., are secured against the bank's lien on the Fixed Deposits, first exclusive charge on all assets and accounts of the Company, Corporate Guarantee of Greenply Industries Ltd. The bills payable LC-DP/TR is secured by bank's lien over all the assets of the Company for which a charge has been duly registered.

		As at 31 March 2012		As at 31 March 2011
8 OTHER CURRENT LIABILITIES				
Current maturities of Long Term Borrowings		9061.61		8996.33
Current maturities of Deferred Payment Liabilities		326.53		216.07
Interest Accrued but not due on borrowings		584.41		206.58
Advance from Customers		882.97		503.69
Unpaid Dividend		9.21		9.48
Statutory Dues		1749.80		1386.72
Temporary Overdraft from Banks		–		87.02
Total		12614.53		11405.89

8.1 Amount due and outstanding to be credited to the Investor Education and Protection Fund Nil (Previous Year Nil)

		As at 31 March 2012		As at 31 March 2011
9 SHORT TERM PROVISIONS				
Provision for employee benefits				
Gratuity		37.05		22.28
Leave Salary		105.48		62.82
Proposed Dividend				
Equity Shares		482.73		241.36
Tax on Distribution of dividend		78.31		39.16
Provision for Taxation		9.55		–
Total		713.12		365.62

Notes on Consolidated Financial Statements for the year ended 31 March 2012

₹ in Lacs

10 | FIXED ASSETS

Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01/04/2011	Acquired	Addition During the Period	Deduction During the Period	Total as at 31/03/2012	Upto 31/03/2011	Acquired	For the Period	Adjustment for Deductions	Total As at 31/03/2012	As at 31/03/2012	As at 31/03/2011
OWN ASSETS												
Tangible Assets												
Freehold Land	1571.01	-	15.86	1.21	1585.66	-	-	-	-	-	1585.66	1571.01
Leasehold Land	765.02	-	-	-	765.02	45.21	-	7.91	-	53.12	711.90	719.81
Land Development	1283.77	-	101.92	-	1385.69	27.96	-	10.09	-	38.05	1347.64	1255.81
Buildings	13401.51	-	1415.40	-	14816.91	1103.02	-	446.45	-	1549.47	13267.44	12298.49
Plant & Equipments	51321.67	-	4408.15	476.38	55253.44	9617.96	-	3712.78	316.24	13014.50	42238.94	41703.71
Furniture & Fixtures	1219.00	4.41	111.33	55.64	1279.10	289.97	1.09	95.58	17.16	369.48	909.62	929.03
Vehicles	1707.07	22.07	721.29	337.93	2112.50	374.00	5.47	183.44	97.79	465.12	1647.38	1333.07
Heavy Vehicles	119.67	-	44.14	-	163.81	64.96	-	11.27	-	76.23	87.58	54.71
Office Equipments	1467.26	20.94	290.94	16.67	1762.47	581.17	2.98	207.88	3.90	788.13	974.34	886.09
Sub Total	**72855.98**	**47.42**	**7109.03**	**887.83**	**79124.60**	**12104.25**	**9.54**	**4675.40**	**435.09**	**16354.10**	**62770.50**	**60751.73**
Intangible Assets												
Computer Software	487.71	-	63.57	-	551.28	196.15	-	80.05	-	276.20	275.08	291.56
Trademarks	68.58	-	-	-	68.58	39.44	-	6.86	-	46.30	22.28	29.14
Goodwill	355.21	35.16	-	0.31	390.06	204.00	-	68.00	-	272.00	118.06	151.21
Sub Total	**911.50**	**35.16**	**63.57**	**0.31**	**1009.92**	**439.59**	-	**154.91**	-	**594.50**	**415.42**	**471.91**
Capital Work In Progress	1053.84	-	1107.27	1045.86	1115.25	-	-	-	-	-	1115.25	1053.84
Intangible Assets under Development	-	-	234.93	-	234.93	-	-	-	-	-	234.93	-
Total A + B	**74821.32**	**82.58**	**8514.80**	**1934.00**	**81484.70**	**12543.84**	**9.54**	**4830.31**	**435.09**	**16948.60**	**64536.10**	**62277.48**
Previous Year's Total	65052.17	-	12577.63	2808.49	74821.31	9295.43	-	4185.89	937.46	12543.86	62277.45	-

10.1 Addition to Plant & Equipments includes ₹ 872.16 lacs (Previous year Nil) on account of loss due to fluctuation in Foreign Exchange Rates.

10.2 Some of the fixed assets of Plywood division were revalued on 31st March, 1994 on the basis of the report of an Approved Valuer and the resultant increase in book value was ₹ 293.52 lacs.

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
11 | INVESTMENTS				
Investments in Equity Instruments (at Cost)				
Trade				
Quoted, Fully Paid up				
Associates				
Himalaya Granites Ltd - Equity Shares of ₹ 10 each	380583	8.14	380583	8.14
Other than Trade				
Indian Overseas Bank Ltd - Equity Shares of ₹ 10 each	3400	0.82	3400	0.82
Total		**8.96**		**8.96**
Aggregate amount of Quoted Investments		8.96		8.96
Aggregate amount of Unquoted Investments		–		–
		8.96		**8.96**
Aggregate Market Value of Quoted Investments		80.65		75.86

12 | LONG TERM LOANS & ADVANCES		
Unsecured, Considered good		
Capital Advances	685.48	739.02
Security Deposits	723.45	596.21
Total	**1408.93**	**1335.23**

13 | OTHER NON-CURRENT ASSETS		
Unamortised Share Issue Expenses	26.19	51.81
Foreign Currency Transaction Adjustment	249.61	(7.12)
	275.80	**44.69**

14 | INVENTORIES		
Raw Materials (at cost) [including at Customs Warehouse ₹ 1924.03 lacs (Previous year ₹ 2290.81 lacs) and at Port ₹ 98.99 lacs (Previous year ₹ 22.54 lacs)]	17356.11	14974.64
Stock in Process (at cost)	1686.08	1346.28
Finished Goods (lower of cost or net realisable value) [including in Transit ₹ 700.46 lacs (Previous year ₹ 491.13 lacs) and at Port ₹ 17.99 lacs (Previous year Nil)]	8713.22	7145.07
Stock In Trade (lower of cost or net realisable value) [including in Transit ₹ 10.50 lacs (Previous year Nil)]	536.33	162.99
Stores & Spares (at cost)	1326.38	976.72
Total	**29618.12**	**24605.70**
	Numbers	Numbers
14.1 CERs held in inventory	15111	–
CER under Certification (Since certified)	30014	–

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	As at 31 March 2012		As at 31 March 2011	
15 TRADE RECEIVABLES				
15.1 Outstanding for a period exceeding six months from due date	534.32		276.68	
Less : Provision for Doubtful Debts	16.02		–	
		518.30		276.68
Other debts		31080.58		20316.43
Total		31598.88		20593.11
15.2 Secured, considered good		258.76		70.37
Unsecured, considered good		31340.12		20522.74
Total		31598.88		20593.11

	As at 31 March 2012		As at 31 March 2011	
16 CASH & BANK BALANCES				
16.1 Cash & Cash Equivalents				
Balances with Banks		638.98		869.94
Balances with Banks - unpaid dividend		9.22		9.48
Cash on Hand		77.43		56.37
		725.63		935.79
16.2 Other Bank Balances				
Term Deposits with Banks (Receipts pledged with banks & others as security deposits)				
Maturity within 12 months		831.74		549.29
Maturity over 12 months		18.58		33.16
		850.32		582.45
Total		1575.95		1518.24

	As at 31 March 2012		As at 31 March 2011	
17 SHORT TERM LOANS & ADVANCES				
Unsecured, considered good				
Advance to Staff & Workers		223.43		224.48
Advance against Purchases		1057.14		1062.02
Other receivables		3180.38		2467.17
Service Tax Input Credit Receivable		289.16		198.11
Balance with Central Excise Authorities		422.17		592.98
Advance Payment of Income Tax (Less Provision)		516.83		538.83
MAT Credit Entitlement		2635.26		1601.47
Advance Payment of Sales Tax (including unavailed VAT input credit)		271.18		248.57
Total		8595.55		6933.63

	As at 31 March 2012		As at 31 March 2011	
18 OTHER CURRENT ASSETS				
Unamortised Share Issue Expenses		25.62		25.62

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	For the year ended 31 March 2012		For the year ended 31 March 2011	
19 REVENUE FROM OPERATIONS				
Sale of Products	177729.57		131408.92	
Less : Central Excise Duty	7087.11		5542.12	
Net Sales		170642.46		125866.80
Other Operating Revenue				
Insurance Claim Received	89.74		57.96	
Liabilities no longer required written back	26.95		40.88	
Prior Period Income	0.05		0.83	
Recovery of Bad Debts	–		17.77	
Miscellaneous Income	52.03		86.80	
		168.77		204.24
Total		170811.23		126071.04

19.1 Company's Tizit (Nagaland) unit is entitled to exemption equivalent to the excise duty payable on value addition carried out by the unit. The Central Excise Duty debited to Profit and Loss Account is net of refund received ₹ 489.74 lacs (Previous year ₹ 407.98 lacs).

19.2 Company's both the units at Rudrapur (Uttarakhand) and its unit at Nalagarh (Himachal Pradesh) are exempt from levy of Central Excise Duty.

19.3 Central Excise Duty includes ₹ 117.74 lacs (Previous year ₹ 45.78 lacs) paid on account of differential excise duty for earlier years.

19.4 Particulars of sale of products

		2012		2011
Decorative Laminates [including exports ₹ 16267.48 lacs (Previous year ₹ 13889.84 lacs), export incentives ₹ 1990.57 lacs (Previous year ₹ 1844.80 lacs) and inter transfer ₹ 460.27 lacs (Previous year ₹ 258.35 lacs)]		53529.03		43293.94
Plywood & Allied Products [including exports ₹ 77.50 lacs (Previous year ₹ 307.34 lacs), export incentives ₹ 2.83 lacs (Previous year ₹ 18.90 lacs) and inter transfers ₹ 2871.90 lacs (Previous year ₹ 3079.92 lacs)]		98014.50		82166.87
Medium Density Fibre Board [including inter transfer ₹ 58.36 lacs (Previous year ₹10.14 lacs)]		24534.29		4541.36
Others [including exports ₹ 33.97 lacs (Previous year ₹ 14.77 lacs), inter transfers ₹ 500.56 lacs (Previous year ₹ 992.27 lacs)]		1651.75		1406.75
		177729.57		131408.92

19.5 Manufactured goods consumed for own use is accounted for at selling price.

	For the year ended 31 March 2012		For the year ended 31 March 2011	
20 OTHER INCOME				
Interest Subsidy Received		32.45		47.51
Interest Received		558.28		419.79
Dividend		0.17		0.12
Total		590.90		467.42

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

₹ in Lacs

	For the year ended 31 March 2012	For the year ended 31 March 2011
21 COST OF MATERIALS CONSUMED		
Paper	18701.33	16027.20
Timber	28479.65	18875.32
Veneer	14897.70	11403.69
Chemicals	23722.67	16757.09
Plywood / Particle Board / MDF	6298.20	5727.92
Others	266.82	371.61
Total	92366.37	69162.83
Imported	31522.61	21809.12
Indigenous	60843.76	47353.71
Total	92366.37	69162.83

21.1 Raw Materials Consumed includes cost of raw materials sold ₹ 1080.33 lacs (Previous year ₹ 1165.93 lacs).

	For the year ended 31 March 2012	For the year ended 31 March 2011
22 PURCHASE OF FINISHED/TRADED GOODS		
Plywood	10630.32	8124.28
Decorative Laminates [including inter transfer ₹ 42.81 lacs (Previous year ₹ 23.13 lacs)]	1263.46	931.47
Medium Density Fibre Board	149.62	–
Total	12043.40	9055.75

	31 March 2012		31 March 2011	
23 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE				
Opening Stock				
Finished Goods	7145.07		5425.61	
Stock in Trade	162.99		93.57	
Goods-in-Process	1346.28	8654.34	1296.40	6815.58
Closing Stock				
Finished Goods	8713.22		7145.07	
Stock in Trade	536.33		162.99	
Goods-in-Process	1686.08	10935.63	1346.28	8654.34
Total		(2281.29)		(1838.76)

	For the year ended 31 March 2012	For the year ended 31 March 2011
24 EMPLOYEES BENEFITS EXPENSE		
Salary, Wages & Bonus	13410.99	10794.07
Contribution to Provident Fund & Employees' State Insurance	743.71	649.28
Employees' Welfare Expenses	384.38	301.12
Total	14539.08	11744.47

24.1 Disclosures Regarding Employee Benefits

Defined Contribution Plan: Employee benefits in the form of Provident Fund and ESIC are considered as defined contribution plan and the contributions to Employees' Provident Fund Organisation established under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948, respectively, are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

Defined Benefit Plan: Retirement benefits in the form of Gratuity are considered as defined benefit obligations and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. As the Company has not funded its liability, it has nothing to disclose regarding plan assets and its reconciliation. Defined Benefit Obligation at the year end amounted to ₹ 791.80 lacs (previous year ₹ 619.64 lacs).

Actuarial assumptions:

	2012	2011
Mortality Table (LIC)	LIC 1994-1996	LIC 1994-1996
Discount Rate (per annum)	8	8
Expected rate of return on plan assets (per annum)	–	–
Rate of escalation in salary (per annum)	5	5

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.

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

24 EMPLOYEES BENEFITS EXPENSES *(Contd...)*

Para 132 of Accounting Standard 15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard 5 or Accounting Standard 18. In the opinion of the management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

The foregoing information relates to the parent company.

₹ in Lacs

	For the year ended 31 March 2012	For the year ended 31 March 2011
25 FINANCE COSTS		
Interest Expense	6028.05	4247.78
Other Borrowing Cost	99.26	228.78
Total	6127.31	4476.56
26 DEPRECIATION & AMORTISATION EXPENSE		
Depreciation & Amortisation Expense	4830.31	4185.89
Less : Transfer from Revaluation Reserve	0.76	3.23
	4829.55	4182.66
27 OTHER EXPENSES		
Consumption of stores & spares	1627.38	732.58
Power & Fuel	10551.23	7297.28
Rent	999.39	879.75
Repairs to buildings	117.68	88.76
Repairs to machinery	850.24	586.82
Insurance	335.33	257.97
Rates and taxes	268.49	183.56
Travelling expenses	1848.83	1324.48
Freight & delivery expenses	7361.10	4788.20
Export Expenses	1729.00	1704.18
Advertisement & Sales promotion	4937.96	3662.36
Auditors Remuneration	35.48	33.39
Bank Charges	405.51	330.39
Loss on Sale / Discard of Assets	201.50	151.65
Prior Period Expenses	13.74	18.21
Other General Expenses	3874.29	3869.67
Total	35157.15	25909.25
27.1 Consumption Of Stores & Spares		
Imported	146.04	142.99
Indigenous	1481.34	589.59
Total	1627.38	732.58
27.2 Auditors' Remuneration		
Statutory Audit Fees	26.07	26.28
Tax Audit Fees	2.00	1.00
Certification Fees	1.51	0.71
Expenses (incurred & reimbursed)	5.90	5.40
	35.48	33.39

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

28. CONTINGENT LIABILITIES AND COMMITMENTS

28.1. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 463.45 lacs (Previous year ₹ 890.58 lacs).

28.2. Contingent liabilities

a. Counter-Guarantees given to banks for bank guarantees' established ₹ 420.13 lacs (Previous year ₹ 191.01 lacs).

b. Letter of credit established but material not received amounting to ₹ 483.54 lacs (Previous year ₹ 1644.60 lacs).

c. Guarantee/Letter of Assurance given to Banks for Bills discounting facilities (Channel Financing) – ₹ 5,000.00 lacs (Previous Year ₹ 6,000.00 lacs) and outstanding amount under this Bills Discounting facility – ₹ 2724.60 lacs (Previous year ₹ 1606.57 lacs)

d. Claims against the Company not acknowledged as debts – ₹ 47.63 lacs (Previous year – ₹ 46.13 lacs)

e. Disputed Demand of Statutory Dues in Appeal ₹ 3271.60 lacs (Previous year ₹ 3215.88 lacs).

f. Amounts covered by Show cause notices received from Excise Authorities ₹ 5842.62 lacs (Previous Year ₹ 2779.97 lacs). Out of it ₹ 2670.52 lacs (Previous Year ₹ 2670.52 lacs) has been stayed for recovery by the relevant Authorities.

g. Estimated liability of “Entry Tax” under “Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010 – ₹ 88.83 lacs (Previous Year ₹ 26.22 lacs) (stayed by High Court of Himachal Pradesh)

h. Guarantee given to Banks in respect of loans to its wholly owned subsidiary US Dollar 10,000,000 (Previous Year US Dollar 10,000,000) and Singapore Dollar 14,00,000 (Previous Year Singapore Dollar 14,00,000) equivalent to ₹ 5654.81 lacs (Previous Year ₹ 4952.62 lacs), translated at year-end exchange rate.

i. In respect of capital goods imported at the concessional rate of duty under the Export Promotion Capital Goods Scheme, the Company has an export obligation of approximately ₹ 18834.94 lacs (previous year ₹ 21241.90 lacs), which is required to be met at different dates, before 30.12.2018 (previous year 28.03.2019). In the event of non-fulfillment of the export obligation, the Company will be liable to pay customs duties of approximately ₹ 2354.37 lacs (Previous Year ₹ 2655.24 lacs) together with interest, as applicable.

29. CHANGE IN ACCOUNTING POLICY

The Company has exercised the option available to it under Rule 46A of the Companies (Accounting Standards) (Second Amendment) Rules, 2011 in respect of accounting for fluctuations in foreign exchange relating to "Long Term Foreign Currency Monetary Items". Accordingly, it has adjusted a sum of ₹ 872.16 lacs to the cost of its fixed assets on account of such difference arising during the year and has provided for the depreciation thereon over the balance useful life of the respective assets. Consequently, the charge to the Statement of Profit and Loss is lower to the extent. The figures for earlier year have not been re-stated pursuant to such change in accounting treatment and so the same are not comparable to that extent.

30. Balances under Trade receivables, Trade Payables, Loans and Advances payable or receivable are subject to confirmation to be received from some of the parties.

31. The Parent Company (Greenply Industries Limited) is providing depreciation on fixed assets on straight line method in accordance with and generally at the rates specified in Schedule XIV to the Companies Act, 1956, whereas the wholly-owned subsidiaries have provided depreciation as follows:

Greenlam Asia Pacific Pte. Ltd. - On straight line basis over the expected useful lives of the fixed assets.

Greenlam America Inc. - On straight line method as used for Fedral Income Tax purposes.

32. SEGMENT REPORTING (UNDER ACCOUNTING STANDARD AS - 17 ISSUED BY ICAI)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As part of Secondary reporting, revenues are attributed to geographical areas based on the location of the customers. The following table present the revenue, profit, assets and liabilities information relating to the business / geographical segment for the year ended 31st March, 2012.

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

Information about Business Segments - Primary

₹ in Lacs

Reportable Segment	Plywood & Allied Products		Laminate & Allied Products		Medium Density Fibre Board & Allied Products		Unallocated		Total	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
REVENUE										
External Sales	85413.99	69876.07	63948.44	52643.13	24476.04	4531.22	–	17.82	173838.47	127068.24
Inter-segment Sales	2950.96	3040.46	881.78	1283.04	58.36	17.18	–	–	3891.10	4340.68
Gross Sales	88364.95	72916.53	64830.22	53926.17	24534.40	4548.40	–	17.82	177729.57	131408.92
Less : Excise Duty	4134.11	2899.19	2953.00	2642.93	–	–	–	–	7087.11	5542.12
Net Sales	**84230.84**	**70017.34**	**61877.22**	**51283.24**	**24534.40**	**4548.40**	**–**	**17.82**	**170642.46**	**125866.80**
RESULT										
Segment Result	6904.38	9471.76	7610.23	4538.28	2357.92	(3308.57)	–	17.82	16872.52	10719.29
Unallocated Corporate Expenses							4458.38	3741.67	4458.38	3741.67
Operating Profit									12414.15	6977.62
Less : Interest Expense							6127.31	4476.56	6127.31	4476.56
Add : Interest Income							558.28	419.79	558.28	419.79
Profit before Tax									6845.12	2920.85
Current Tax									281.77	–
Deferred Tax									892.54	574.08
Income Tax for earlier years									–	0.11
Mat Credit entitlement										
Profit after Tax									**5670.81**	**2346.66**
OTHER INFORMATION										
Segment Assets	45902.78	39248.12	53852.50	44736.33	32648.10	29607.32	4939.09	3680.56	137342.47	117272.33
Segment Liabilities	20247.80	15081.10	21455.80	9900.61	3743.33	3240.95	1270.41	755.43	46717.34	28978.09
Loan Fund							51275.30	54774.47	51275.30	54774.47
Deferred Tax Liabilities (Net)							3366.73	2473.30	3366.73	2473.30
Minority Interest							0.65	–	0.65	–
Shareholders' Funds							35982.45	31046.47	35982.45	31046.47
Total Liabilities									**137342.47**	**117272.33**
Capital Expenditure	2973.82	4178.56	1663.47	3948.56	2502.15	2873.37	329.50	227.13	7468.94	11227.62
Depreciation	1183.26	958.33	1917.18	1654.74	1458.10	1335.86	271.01	233.73	4829.55	4182.66
Non-cash expenses other than depreciation	88.48	52.80	55.78	40.05	13.63	28.18	14.27	1.74	172.16	94.59

Secondary Segment - Geographical by location of customers

₹ in Lacs

	Revenue		Carrying Amount of Segment Assets		Additions to Fixed Assets	
	For the year ended		For the year ended		For the year ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
India	147842.11	107397.01	122858.08	109860.99	6920.75	10446.85
Other Asian Countries	14058.16	10882.03	12137.33	5488.66	538.71	756.07
Middle East Countries	3009.04	2507.47	557.86	241.45	–	–
Europe	2133.14	2560.83	514.05	582.12	–	–
North America	3221.96	2155.66	1115.15	999.52	9.48	24.70
Australia	–	89.46	–	–	–	–
Africa	378.05	274.34	160.00	99.59	–	–
	170642.46	125866.80	137342.47	117272.33	7468.94	11227.62

Notes:

a) **Segment Assets and Liabilities :**

All Segment Assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, advances and operating cash and bank balances. Segment assets and liabilities do not include investments, inter-corporate deposits and advances, share capital, reserves and surplus, borrowings, provision for gratuity, proposed dividend and income tax (both current and deferred).

b) **Segment Revenue and Expenses :**

Segment revenue and expenses are directly attributable to the segment. It does not include dividend income, profit on sale of investments, interest expense (net), other expenses which cannot be allocated on a reasonable basis and provision for income tax (both current and deferred).

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

33. RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD AS - 18

33.1 List of related parties where control exists and related parties with whom transactions have taken place and relationships:

a) Parties where control exists
   i) Himalaya Granites Ltd.
   ii) Prime Holdings Pvt Ltd.
   iii) S.M.Management Pvt Ltd.
   iv) Greenply Leasing & Finance Ltd.
   v) Prime Properties Pvt Ltd.
   vi) Vanashree Properties Pvt Ltd.
   vii) Trade Combines

b) Key Management Personnel
   i) Mr. Shiv Prakash Mittal, Executive Chairman
   ii) Mr. Rajesh Mittal, Managing Director
   iii) Mr. Saurabh Mittal, Jt. Managing Director & CEO
   iv) Mr. Shobhan Mittal, Executive Director

c) Relative of Directors:
   Ms. Parul Mittal

33.2. Transactions during the year: *₹ in Lacs*

Particulars	Control	Key Management Personnel	Relatives of Directors
I. Transactions during the period			
Payment towards Services Received	126.72	–	34.84
	(81.64)	(–)	(31.19)
Finance (Loan Received)	–	–	–
	(1543.79)	(–)	(–)
Managerial Remuneration & meeting fees	–	615.49	–
	(–)	(382.35)	(–)
II. Amount Outstanding as at Balance Sheet date	–	–	–
	(–)	(–)	(–)

Notes :
1. Related Party Relationship is as identified by the Company and relied upon by the Auditors.
2. Figures for the previous year have been given in brackets.

34. LEASES

The company has taken certain vehicles under non-cancelable operating lease arrangements. The future minimum lease payments in respect of such non-cancelable leases as at 31st March, 2012 are summarised below:

₹ in Lacs

	As at 31.03.2012	As at 31.03.2011
Amount due within one year	13.66	13.66
Amount due between one year and five year	23.25	36.91
Amount due above five years	–	–
	36.91	50.57

Notes on Consolidated Financial Statements

for the year ended 31 March 2012

35. EARNINGS PER SHARE

		Year ended 31.03.2012	Year ended 31.03.2011
Calculation of weighted average number of equity shares of ₹ 5 each			
No of Shares at the beginning of the year		24136374	22096680
Shares issued on 24.03.2011		–	2039694
Total no. of equity shares outstanding at the end of the year		24136374	24136374
Equity shares outstanding for 366 days		24136374	–
Equity shares outstanding for 357 days		–	22096680
Equity shares outstanding for 8 days		–	24136374
Weighted average number of equity shares outstanding during the year		24136374	22141386
Net Profit (after tax, available for equity shareholders)	₹ in Lacs	5670.64	2346.66
Basic Earnings Per Share	₹	23.49	10.60
No of Shares & Warrants at the beginning of the year		24136374	24136374
Total no. of equity shares and Warrants outstanding at the end of the year		24136374	24136374
Equity shares outstanding for 366/365 days		24136374	24136374
Weighted average number of equity shares outstanding during the year		24136374	24136374
Net Profit (after tax, available for equity shareholders)	₹ in Lacs	5670.64	2346.66
Diluted Earnings Per Share	₹	23.49	9.72

36. VALUE OF IMPORTS ON C.I.F. BASIS *₹ in Lacs*

	Year ended 31.03.2012	Year ended 31.03.2011
Raw Materials	34954.48	22491.07
Stock in Trade	2344.58	195.85
Stores & Spare Parts	285.67	372.93
Capital Goods	259.23	776.73
	37843.96	23836.58

37. EXPENDITURE IN FOREIGN CURRENCY *₹ in Lacs*

	Year ended 31.03.2012	Year ended 31.03.2011
Capital Expenditure	86.35	–
Revenue Expenditure	1799.95	1786.30
	1886.30	1786.30

38. EARNINGS IN FOREIGN CURRENCY *₹ in Lacs*

	Year ended 31.03.2012	Year ended 31.03.2011
FOB Value of Exports	16950.31	13749.87

39. INFORMATION REGARDING MICRO, SMALL AND MEDIUM ENTERPRISES

As at 31st March, 2012, no supplier has intimated the Company about its status as Micro or Small enterprises or its registration with the appropriate authority under Micro, Small and Medium Enterprises Act, 2006. So, no disclosure is made. The Company has compiled this information based on the current information in its possession.

40. ACCOUNTS OF SUBSIDIARY COMPANIES

The accounts of the subsidiary companies are not attached herewith as the Board of Directors of the Company resolved to avail the general exemption granted by the Ministry of Corporate Affairs, Government of India vide its Circular no.2/2011 dated 8th February, 2011.

As per our annexed report of even date.

For **D. DHANDARIA & COMPANY**
Chartered Accountants
ICAI Firm Reg. No. **306147E**

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

(Dindayal Dhandaria)
Partner
Membership No. **10928**

Place: Kolkata
Dated: 30th May 2012

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Financial Information of Subsidiary companies

as at 31 March 2012

₹ *in Lacs*

Particulars	Greenlam Asia Pacific Pte. Ltd.*	Greenlam Asia Pacific (Thailand) Co., Ltd.**	Greenlam Holding Co., Ltd.**	Greenlam America, Inc.***
Share Capital	174.47	65.98	16.50	814.02
Reserve & Surplus	(35.66)	(45.45)	(2.45)	(1202.17)
Total Assets	7104.78	919.00	37.60	1082.71
Total Liabilities	6965.97	906.72	23.56	1496.31
Investments (excluding Investments in Subsidiaries)	–	8.25	–	25.44
Turnover	13296.19	4028.93	–	3529.91
Profit before Taxation	85.38	11.61	(1.09)	55.06
Provisions for Taxation	7.44	17.09	–	–
Profit after Taxation	77.94	(5.48)	(1.09)	55.06
Proposed Dividend	–	–	–	–
Reporting Currency	SGD	THB	THB	USD
Country	Singapore	Thailand	Thailand	USA

* Exchange rate as of 31st March, 2012 : ₹ 40.5131

** Exchange rate as of 31st March, 2012 : ₹ 1.6495

*** Exchange rate as of 31st March, 2012 : ₹ 50.8763

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

Place: Kolkata
Dated: 30th May 2012

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary Company	Greenlam Asia Pacific Pte. Ltd. (Erstwhile: GIL Intercontinental Pte. Ltd.)	Greenlam Asia Pacific (Thailand) Co., Ltd.	Greenlam Holding Co., Ltd.	Greenlam America, Inc.
Date from which they become subsidiary	17th October, 2006	1st April, 2011	1st April, 2011	23rd April, 2008
Financial year of the subsidiary company ended on	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
Holding company's interest as at March 31, 2012	100%	97.50%	99.00%	100%
Shares held by the holding company in the subsidiary	430642 ordinary shares of S$ 1 each	N.A.	N.A.	1600000 equity shares of US$ 1 each
The net aggregate amount of the subsidiary company's profit/(loss) so far as it concerns the members of the holding company				
a) Not dealt with in the holding company's accounts				
i) For the financial year ended 31.03.2012 (₹ in lacs)	1.93	(3.32)	(0.66)	1.08
ii) Upto the previous financial years of the subsidiary company (₹ in lacs)	(113.61)	–	–	(1257.23)
b) Dealt with in the holding company's accounts				
i) For the financial year ended 31.03.2012	–	–	–	–
ii) For the previous financial year of the subsidiary company since they become the holding company's subsidiaries	–	–	–	–

S P Mittal
Executive Chairman

Rajesh Mittal
Managing Director

Place: Kolkata
Dated: 30th May 2012

K K Agarwal
Company Secretary

Susil Kumar Pal
Director

Corporate Information

Board of Directors

Mr. Shiv Prakash Mittal, *Executive Chairman*
Mr. Rajesh Mittal, *Managing Director*
Mr. Saurabh Mittal, *Joint Managing Director & CEO*
Mr. Shobhan Mittal, *Executive Director*
Mr. Moina Yometh Konyak
Mr. Gautam Dutta, *Nominee of IDBI Bank Ltd.*
Mr. Susil Kumar Pal
Mr. Vinod Kumar Kothari
Mr. Anupam Kumar Mukerji
Ms. Sonali Bhagwati Dalal

Audit Committee

Mr. Susil Kumar Pal, *Chairman*
Mr. Shiv Prakash Mittal
Mr. Saurabh Mittal
Mr. Gautam Dutta
Mr. Anupam Kumar Mukerji
Mr. Vinod Kumar Kothari

Share Transfer & Investors Grievance Committee

Mr. Anupam Kumar Mukerji, *Chairman*
Mr. Susil Kumar Pal
Mr. Rajesh Mittal
Mr. Saurabh Mittal

Remuneration Committee

Mr. Susil Kumar Pal, *Chairman*
Mr. Anupam Kumar Mukerji
Mr. Vinod Kumar Kothari

Operational Committee

Mr. Shiv Prakash Mittal
Mr. Rajesh Mittal
Mr. Saurabh Mittal
Mr. Susil Kumar Pal

Statutory Auditors

M/s. D. Dhandaria & Company
Thana Road, P.O. Tinsukia, Assaam - 786 125

Chief Financial Officer

Mr. Vishwanathan Venkatramani

Company Secretary & Vice President-Legal

Mr. Kaushal Kumar Agarwal

Registrars & Share Transfer Agents

M/s. S. K. Infosolutions Pvt. Ltd.
34/1A, Sudhir Chatterjee Street, Kolkata – 700 006
Phone: (033) 2219-4815/6797
Fax: (033) 2219-4815

Bankers/financial institutions

Axis Bank Ltd.
Bank of Baroda
Export-Import Bank of India
ICICI Bank Ltd.
IDBI Bank Ltd.
IndusInd Bank Ltd.
Landesbank Baden-Wurttemberg
Standard Chartered Bank
State Bank of Hyderabad
State Bank of India

Registered Office

Makum Road, P.O. Tinsukia,
Assam - 786 125

Corporate Office

16A, Shakespeare Sarani, 2nd Floor
Kolkata - 700 071, India
Phone: (033) 3051-5000,2282-2175
Fax: (033) 3051-5010
Email: kolkata@greenply.com
Website: www.greenply.com

Units

Laminates & allied products
- Behror, Rajasthan
- Nalagarh, Himachal Pradesh

Plywood & allied products
- Tizit, Nagaland
- Kriparampur, West Bengal
- Bamanbore, Gujarat

Plywood & reconstructed veneers
- Pantnagar, Uttarakhand

Medium density fibreboard
- Pantnagar, Uttarakhand

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