

# **ORIENTAL VENEER PRODUCTS LTD.**



***14th Annual Report 2004/2005***

**REGISTERED OFFICE**

At Post : Aghai, Via Kalyan (R.S.)  
Dist Thane - 421 601

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**ORIENTAL VENEER PRODUCTS LTD.**

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**—BOARD OF DIRECTORS—**

MR. AFZAL PATEL	-	Chairman
MR. SALEH N. MITHIBORWALA	-	Director
MR. KARIM N. MITHIBORWALA	-	Director
MR. MUSTAFA PARDAWALA	-	Director
MR. K. H. DABILKAR	-	Director

**—REGISTERED OFFICE & WORKS—**

At Post : Aghai, Via Kalyan Rly. Stn., Dist. Thane, Pin - 421 601.

**—BANKERS—**

**DEVELOPMENT CREDIT BANK LTD.**

(Nariman Point Branch)  
6, Tulsiani Chambers, Gr. Flr., Mumbai - 21.

**—AUDITORS—**

**M/S. ANIL BANSAL & ASSOCIATES**

Chartered Accountants  
306, Kedia Chambers, S. V. Road, Malad (W),  
Mumbai - 400 064.



**M/S. N. B. SHETTY & COMPANY**

Chartered Accountants  
Western India House, 14/2, Sir P. M. Road, Fort,  
Mumbai - 400 001.

**—NOTE—**

Members are requested to bring their copy of the **ANNUAL REPORT** alongwith them at the **ANNUAL GENERAL MEETING** as no separate copies will be distributed.

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**NOTICE**

Notice is hereby given that 14th Annual General Meeting of the Members of M/s. ORIENTAL VENEER PRODUCTS LIMITED will be held at the Registered Office of the Company at Post : Aghai, Via Kalyan (Rly. Stn.), District : Thane : 421 601, on Friday, September 30, 2005 at 10.00 a.m. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider, approve and adopt the Balance Sheet as at March 31, 2005. Profit and Loss Account for the year ended as on date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Saleh N. Mithiborwala who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. H. Dablikar who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

5. To consider, and if though fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 198,269, 309, 310 & 311 read with Schedule XIII of the Companies Act, 1956 and approval of the Remuneration Committee of the Company, the Members of the Company do and hereby approve the appointment of Mr. Karim N. Mithiborwala as a Wholtime Director designated as the Managing Director of the Company for a period of five years with effect from September 01, 2005 on such terms and conditions and with liberty to the Board of Director to alter, vary and modify the terms and conditions of the said appointment and/or the aforesaid Abstract, in such manner as may be agreed to any re-enhancement thereof if necessary, as may be agreed between the Board of Directors and Mr. Karim N. Mithiborwala and further that in the event of the amendment of relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, or as provided in any re-enhancement, repeal or modification thereof, the Board of Directors be and is hereby authorized to vary or increase the remuneration including perquisites within such prescribed limits or ceiling and the aforesaid terms and conditions between the Company and Mr. Karim N. Mithiborwala be suitably amended to give effect to such modifications, relaxation or re-enactment without requiring any further resolutions or consent of the shareholders of the Company and lastly that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

For and On behalf of the  
Board of Directors

**AFZAL PATEL**  
**CHAIRMAN**

Place : Mumbai  
Date : 17/08/2005

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 28, 2005 to Friday, September 30, 2005 (both days inclusive).
4. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
5. All documents referred to in Notice are open for inspection at the Registered Office of the Company during Office hours on all days except Sunday, Wednesday and public holidays between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
6. For convenience of the Members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of Meeting. The proxy Member should mark on the attendance slip as 'proxy'.
7. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTOR'S REPORT & AUDITORS' REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.
8. Members are requested to bring their copies of the reports to Annual General Meeting.
9. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folios alongwith Share Certificates to the Company.
10. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is enclosed herewith.
11. In order to exercise strict control over the transfer documents, Members are requested to send the transfer documents/correspondence, if any, directly to the Registrar & Share Transfer Agents of the Company at :

**ADROIT CORPORATE SERVICES PVT. LTD.**  
(Unit : ORIENTAL VENEER PRODUCTS LTD.)  
Add. : 9, Jaferbhoy Industrial Estate, 1st Floor,  
Makwana Road, Marol Naka, Andheri (E),  
Mumbai - 400 059.

**EXPLANATORY STATEMENT PURSUANT TO  
SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO. 5 :**

The Board of Director of the Company has appointed Mr. Karim N. Mithiborwala as Managing Director of the Company w.e.f. 01/09/2005 for a period of five years, subject to the approval of the members of the Company at their forthcoming Annual General Meeting. Your Board is of the opinion that the said appointment will be in the best interest of the Company considering the experience and knowledge possessed by the said appointee.

The Company has already circulated, the terms and condition of appointment of the said Managing Director, pursuant to Section 302 of the Companies Act, 1956. Hence your Board recommends the said resolution for your approval and consent.

Except Mr. Karim N. Mithiborwala (himself), none of the Directors of the Company may be deemed to be concerned or interested in passing of the said resolution.

For and On behalf of the Board of Directors

**AFZAL PATEL (CHAIRMAN)**

Place : Mumbai  
Date : 17/08/2005

**DIRECTOR'S REPORT**

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2005.

**FINANCIAL HIGHLIGHTS**

Particulars	As on 31st March 2005	As On 31st March 2004
	Rs.	Rs.
Net Profit/(Loss) before Tax	70,36,054	85,91,997
Less : Provision for Tax	21,57,864	26,23,304
Less : Deferred Tax	(8,86,930)	(8,39,611)
Profit after tax	57,65,120	68,08,304
Transfer to General Reserve	35,00,000	35,00,000
Add : Previous year Bal.	4,16,79,640	3,83,71,336
Balance carried to Balance sheet	4,39,44,760	4,16,79,640

**DIVIDEND :**

The Board of Directors have decided to plough back the profits earned for the year ended March, 31, 2005 for development of the business of the Company and hence they do not recommend any dividend for the year under review.

**DIRECTORS :**

Pursuant to Article 39 of the Articles of Associations of the Company, Mr. Saleh N. Mithiborwala & Mr. K. H. Dablikar, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Further, Mr. Vali N. Mithiborwala has tendered his resignation as the Managing Director of the Company w.e.f. 05/02/2005.

**DIRECTORS RESPONSIBILITY STATEMENT,**  
pursuant to Sec. 217(2AA) of the Companies Act, 1956.

(i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimated that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

(iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) that the directors had prepared the annual accounts on a going concern basis.

## MANAGEMENT DISCUSSION AND ANALYSIS :

### **A) INDUSTRY STRUCTURE AND DEVELOPMENT :**

THE Industry is going through major changes worldwide.

### **B) OPPORTUNITIES & THREATS :**

The Company does not see any immediate threat.

### **C) SEGMENT WISE OR PRODUCT WISE PERFORMANCE :**

The Company is dealing in only one type of product and therefore there is nothing to report in this matter.

### **D) FUTURE OUTLOOK :**

The Company is closely associated with railways, hence company intends to diversify into technology related products such as electronic panel and switch gear etc.

### **E) RISK & CONCERNS**

The Company's main raw material is gurjan round logs and it is being imported.

### **F) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :**

The Company is having adequate internal control system related with the growth of size. Further the company has fully computerized working environment and all the departments are well equipped with the latest facilities available.

### **G) DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :**

The sales for the current year amounted to Rs. 39.54 crores. This was mainly due to effective and aggressive steps taken by the Board of Directors of the Company in marketing the products of the Company. Further, the company has made a reasonable Net Profit After Tax of Rs. 57,65,120/- in the current year.

### **H) MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATION FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED :**

The Company has maintained good cordial relations with the employees of the Company and there were total 70 employees employed with the Company. Such type of healthy relationships with the employees helps in the smooth working of the Company.

## **CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreement, a separate report on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

## **DISCLOSURE UNDER THE STOCK EXCHANGE LISTING AGREEMENT;**

In accordance with the amended Listing Agreement with respective Stock Exchanges, it is hereby confirmed that the Company's Shares are listed at the Stock Exchanges at Mumbai and Bangalore.

## **FIXED DEPOSITS :**

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956, read with The Companies (Acceptance of Deposits) Rules, 1975.

## **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The information required under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of Energy and Technology Absorption forms part of this report and is given by way of Annexure.

The details of Foreign Exchange earnings and outgo is given in Point No. 11, Note Nos. 10, & 11 in Notes forming part of Accounts (Schedule 13) as at March 31, 2005.

## **AUDITORS :**

M/s. Anil Bansal & Associates, Chartered Accountants, Mumbai and M/s. N. B. Shetty & Co., Chartered Accountants, Mumbai, Joint Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## **PARTICULARS OF EMPLOYEES :**

The Company has no employees of the specified categories under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975. as amended upto date.

## **INDUSTRIAL RELATIONS. :**

Industrial Relations remained cordial in the Company's Plant without any disruption in manufacturing activities.

## **ACKNOWLEDGMENTS :**

The Board of Directors wishes to place on record its sincere appreciation for due co-operation received from the Company's Bankers. The Directors are also thankful to the employees at all levels for their continued support.

For and On behalf of the  
Board of Directors

AFZAL PATEL  
CHAIRMAN

Place : Mumbai

Date : 17/08/2005

## **ANNEXURE TO DIRECTOR'S REPORT :**

Information in terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

## **CONSERVATION OF ENERGY**

Sustained efforts were directed towards Energy saving, reduction in use of power and other utilities.

## **TECHNOLOGY ABSORPTION :**

The Company has carried out Research and Development in the form of process innovation and development of new products.

For and On behalf of the  
Board of Directors

AFZAL PATEL  
CHAIRMAN

Place : Mumbai

Date : 17/08/2005

## **COMPANY'S PHILOSOPHY:**

The basic philosophy of the Company towards Corporate Governance is to protect and enhance the long-term value of all the Stakeholders / Shareholders, Customers, Creditors and Employees. The Company is committed to achieve these objectives within regulatory framework through transparency in dealings.

The Company believes in the creative abilities of its people and lays a strong emphasis on team building, motivation and to perform differently to stay ahead. The Company is committed to benchmarking itself with global standard in all areas. It maintains quality standards by manufacturing to specifications, pricing, delivery and reliability for full customer satisfaction.

## 1. BOARD OF DIRECTORS :

### COMPOSITION AND CATEGORY

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49 (1) (A) of the Listing Agreement. None of the Directors on the Board is a member on more than ten Committees and Chairman of more than five Committees as per Clause 49 (IV) (B) across all Companies in which they are Directors.

The composition of the Board of Directors and also the number of other Board of Directors of which he is a member/Chairman are as under :

Name of Director	Category of Directorship	Directorship in other companies	No. of Board Committees (ORIENTAL VENEER PRODUCTS Ltd.) in which Chairman/Member	
			Chairman	Member
Mr. Vall N. Mithiborwala	Executive Director	Nil	Nil	Nil
Mr. Saleh N. Mithiborwala	Non-Executive Director	Nil	Nil	Nil
Mr. Karim N. Mithiborwala	Non-Executive Director	Nil	Nil	Nil
Mr. Afzal A. Patel	Non Executive Chairman & Independent Director	Nil	03	Nil
Mr. Mustafa S. Pardawala	Non Executive Independent Director	Nil	Nil	03
Mr. K. H. Dablikar	Non Executive Independent Director	Nil	Nil	03

## BOARD PROCEDURE :

The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board's role, functions, responsibility and accountability are clearly defined. All major decisions involving policy formulations, business plans, annual operating budgets, compliance with statutory requirements, major accounting provision and write-offs are considered by the Board.

### ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING :

Thirteen Board Meetings were held during the financial year ended March 31st 2004, the dates of which are 27/04/2004, 30/04/2004, 13/05/2004, 17/05/2004, 08/06/2004, 23/07/2004, 30/07/2004, 30/08/2004, 30/10/2004, 22/01/2005, 28/01/2005, 05/02/2005 & 30/03/2005. The attendance of each Director at Board Meetings and the Last Annual General Meeting is as under:

Name of the Director	No. of Board Meetings Attended	Attendance of Last AGM held on 30/09/2004
Mr. Vall N. Mithiborwala	11	Yes
Mr. Saleh N. Mithiborwala	13	Yes
Mr. Afzal A. Patel	13	Yes
Mr. Karim N. Mithiborwala	08	Yes
Mr. Mustafa S. Pardawala	05	Yes
Mr. K.H. Dablikar	NIL	Yes

## 2. AUDIT COMMITTEE:

### BOARD TERMS OF REFERENCE

The Audit Committee of the Company, inter-alia, acts as a control mechanism in the financial and other important departments of the Company. The terms of reference of the Audit Committee are in accordance with paragraphs C and D of Clause 49 (II) of the Listing Agreement and as specified by the Board of Directors of the Company.

The Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India during the year

### COMPOSITION

The Company constituted Audit Committee with effect from 31/03/2003. The Audit Committee

comprises of Three Directors, all of whom are Non-Executive, Independent Directors. All these Directors possess knowledge of corporate finance, accounts and company law.

The Constitution of the Audit Committee is as follows:

NAMES OF MEMBERS	DESIGNATION
Mr. Afzal A. Patel	(Independent & Non-Exe. Director) Chairman
Mr. Mustafa S. Pardawala	(Independent & Non-Exe. Director) Member
Mr. K.H. Dablikar	(Independent & Non-Exe. Director) Member

### MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2005, Four (04) Audit Committee Meetings were held on 30/04/2004, 29/07/2004, 29/10/2004 & 27/01/2005.

The attendance at the Audit Committee Meetings is as under:

Name of Director	No. of Meetings Attended
Mr. Afzal A. Patel	04 (Four)
Mr. Mustafa S. Pardawala	04 (Four)
Mr. K. H. Dablikar	04 (Four)

## 3. REMUNERATION COMMITTEE :

To review, assess and recommend the appointment of Whole-time Directors.

### COMPOSITION

The Company constituted Remuneration Committee with effect from 31/03/2003. The Remuneration Committee comprises of Three Directors, all of whom are Non-Executive, Independent Directors.

Mr. Afzal A. Patel	(Independent & Non-Exe. Director) Chairman
Mr. Mustafa S. Pardawala	(Independent & Non-Exe Director) Member
Mr. K.H. Dablikar	(Independent & Non-Exe. Director) Member

### MEETINGS AND ATTENDANCE

One meeting of the committee was held during the financial year ended March 31, 2005 wherein all the Members of the Committee attended the same.

## REMUNERATION POLICY :

### A. Remuneration to all Directors :

Nature of Transaction	Name of the Related Party	Quantum of Transactions
Directors Remuneration	Mr. Saleh N. Mithiborwala	NIL
Directors Remuneration	Mr. Vali N. Mithiborwala	4,80,000
Directors Remuneration	Mr. Karim N. Mithiborwala	4,00,000

## 4. SHAREHOLDER'S COMMITTEE:

### FUNCTIONS

The Board of ORIENTAL VENEER PRODUCTS LIMITED has constituted a Committee of Directors which also functions as 'Shareholders'/Investors Grievances Committee', consisting of three members, chaired by Non-executive Independent Director. The Committee inter alia, deals with various matters relating to:

- transfer/transmission of shares;
- issue of duplicate share certificates;
- investors, grievances and redressal mechanism and recommend measures to improve the level of investor services.

Details of shares transfer/transmission approve by the Committee and Shareholders'/Investors' grievances are placed at the Board Meetings from time to time.

### COMPOSITION

After induction of independent and non executive Directors, the Shareholders Committee was reconstituted with effect from 31/03/2003. The reconstituted Committee of Directors is as under:

Mr. Afzal A. Patel (Independent & Non-Exe. Director) Chairman  
Mr. Mustafa S. Pardwala (Independent & Non-Exe Director) Member  
Mr. K.H. Dablikar (Independent & Non-Exe. Director) Member

### MEETINGS AND ATTENDANCE

During the financial year ended 31-03-2005, Seven (07) Shareholders' Grievance Committee Meetings were held on 05/04/2004, 22/01/2005, 28/01/2005, 29/01/2005, 30/01/2005, 31/01/2005, & 22/03/2005

Name of Director	No. of Meetings Attended
Mr. Afzal Patel	07
Mr. Mustafa Pardawala	07
Mr. K.H. Dablikar	07

### COMPLIANCE OFFICER :

The Board has designated Mr. Devendra Singh as the Compliance Officer of the Company.

### DETAILS OF SHAREHOLDER'S COMPLAINTS RECEIVED, NOT SOLVED AND PENDING SHARE TRANSFER'S

NIL

## 5. GENERAL BODY MEETING

Location and time, where last Three Annual General Meetings were held is given below :

Financial Year	Date	Location of the Meeting	Time
2001-2002	20/09/2002	Regd. Office of the Company	10.00 AM.
2002-2003	26/09/2003	Regd. Office of the Company	10.00 AM.
2003-2004	30/09/2004	Regd. Office of the Company	10.00 AM.

## 6. DISCLOSURES :

a. Disclosures on materially significant related party transactions.

Kindly refer Point No. 7 [I] [A to C] of Notes to Accounts in Schedule No. 13 of Notes forming part of the Accounts for the relevant details.

b. Details of non compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company in general, has complied with all the provisions of the Stock Exchanges, SEBI or any statutory authority.

## 7. MEANS OF COMMUNICATION:

i. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma

prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.

ii. The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the newspapers as per the requirements of Clause 41.

iii Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

## 8. GENERAL SHAREHOLDER INFORMATION:

Detailed information in this regard provided in the shareholder information section forms part of this Annual Report.

### SHAREHOLDER INFORMATION:

Registered Office	At Post: Aghai, Via Kalyan (R.S.) Dist., Thane - 421 601.
Annual General Meeting	Date & Time : Friday, September 30, 2005 at 10.00 A.M. Venue : At Post : Aghai, Via Kalyan (R.S.) Dist. Thane - 421 601.
Date of Book Closure	Wednesday, Sept. 28, 2005 to Thursday, Friday 30, 2005.
Dividend Payment Date	N.A.

### Listing on Stock Exchanges :

Equity Shares of the Company are listed on Stock Exchanges at Mumbai & Bangalore.

### Stock Code :

The Stock Exchange, Mumbai - 531859

The Stock Exchange, Bangalore - -----

### Stock Market Data :

The monthly high and low quotations and volume of shares traded on the Stock Exchange, Mumbai are as under :

MONTH	High (Rs.)	Low (Rs.)	No. of Shares traded
April, 2004	NIL	NIL	NIL
May, 2004	NIL	NIL	NIL
June, 2004	NIL	NIL	NIL
July, 2004	NIL	NIL	NIL
Aug., 2004	NIL	NIL	NIL
Sept., 2004	NIL	NIL	NIL
Oct., 2004	NIL	NIL	NIL
Nov., 2004	NIL	NIL	NIL
Dec., 2004	4.74	1.44	191
Jan., 2005	6.25	5.21	45
Feb., 2005	9.00	7.50	60
March, 2005	10.80	10.00	100

## ORIENTAL VENEER PRODUCTS LTD.

### Registrar and Share Transfer Agents:

In terms of SEBI Circular No. D&CC/FITTC/CIR - 15/2003 dated 27/12/2002 read with Circular No. D&CC/FITTC/CIR - 18/2003 dated 12/02/2003, on appointment of common agency for share registry work, the Company has appointed Adroit Corporate Services Private Limited having its office at 9, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059. as the Registrar and Share Transfer Agents of the Company for carrying out the Share Transfer Work.

**Share Transfer System :** Shares of the Company can be transferred by lodging Transfer Deeds and Share Certificates with the Company's Registrar and Share Transfer Agents at Adroit Corporate Services Private Limited.

The Company has constituted Share Transfer and Shareholders Grievance Committee of the Board of Directors of the Company.

**Distribution of categories as on March 31, 2005.**

Category	No. of shares	Percentage (%)
Foreign Holding	Nil	---
Government holding	Nil	---
Banks & Financial Institution	Nil	---
Bodies Corporate	9,13,100	16.94
Directors & Relatives	8,71,800	16.17
Top 50	19,11,850	35.47
Others	16,93,550	31.42
<b>Total</b>	<b>53,90,300</b>	<b>100</b>

### DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2004:

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	56	31.977	19,800	0.37
5001-10000	18	10.465	16,400	0.30
10001-20000	22	12.791	33,500	0.62
20001-30000	3	1.744	7,700	0.14
30001-40000	1	0.581	3,500	0.06
40001-50000	10	5.814	44,400	0.83
50001 & above	63	36.628	52,65,000	97.68
<b>GRAND TOTAL</b>		<b>100.00</b>	<b>53,90,300</b>	<b>100.00</b>

**Plant Location :** At Post Aghai, Via Kalyan (R.S.) Dist. Thane - 421 601.

### Investor Correspondence :

**ADROIT CORPORATE SERVICES PRIVATE LIMITED**  
**[Unit : ORIENTAL VENEER PRODUCTS LIMITED]**  
Add. : 9, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road,  
Marol Naka, Andheri (E), Mumbai - 400 059.

# **ORIENTAL VENEER PRODUCTS LTD.**

Regd. Office : Post : Aghai, Via Kalyan (Rly. Stn), District : Thane : 421 601

## **AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE**

To the Members of **ORIENTAL VENEER PRODUCTS LIMITED,**

We have reviewed the records/documents concerning the Company's compliance of conditions of Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange, Mumbai and The Stock Exchange, Bangalore for the financial year ended 31st March, 2005, and also based on the information received by us from your Company, and based on such a review, we do hereby certify that :

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

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and the representations made by the Directors and the management. The Company's Share Transfer Committee has met within the Stipulated time as and when the transfer applications are lodged with the company.

We state that in respect of investor grievance received during the year ended 31st March, 2005, no investors grievance are pending against the Company as on 31st March, 2005, as per the records maintained by the Company and presented to the Investors / Shareholders Grievance Committee.

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

**FOR Anil Bansal & Associates.  
Chartered Accountants**

**FOR N.B. Shetty & Co.  
Chartered Accountants**

**Anil Bansal  
(Proprietor)**

**Pradeep Shetty  
(Partner)**

Place : Mumbai  
Date : 17/08/2005



**AUDITORS REPORT**

**TO THE SHARE HOLDERS**

We have audited the attached Balance Sheet of **ORIENTAL VENEER PRODUCTS LIMITED** as at 31st March, 2005 and the Profit & Loss Account and the Cash Flow Statement of the Company 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.

1. We have conducted our audit in accordance with auditing standards generally accepted in India. These 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003, and the Companies (Auditor's Report Amendment) order 2004 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

3. Further to our comments in the annexure referred to above, we report that :

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.;

(ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.;

(iii) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.;

(iv) In our opinion, the Balance Sheet & Profit & Loss Account and Cash flow Statement dealt with by this report comply with the Accounting Standards except AS 17 referred to in the sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the company.

(v) On the basis of the written representations received from the Directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes therein, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in the conformity with the accounting principles generally accepted in India.

(i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2005; and

(ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date..

(iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For : ANIL BANSAL & ASSOCIATES**  
Chartered Accountants

**For : N. B. SHETTY & CO.**  
Chartered Accountants

**ANIL BANSAL**  
Proprietor  
Membership No. 43918

**PRADEEP SHETTY**  
Partner  
Membership No. 46940

Place : MUMBAI  
Date : 17/08/2005

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT TO THE MEMBERS OF  
ORIENTAL VENEER PRODUCTS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH, 2005.**

Further as required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956. We report thereunder on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable to the Company.

1.     a)     The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
       b)     As informed to us the fixed assets have been physically verified by the management at reasonable intervals. We have been informed that discrepancies noticed on physical verification were not material.  
       c)     During the year a company has not disposed of a substantial part of its fixed assets.
2.     a)     Physical verification of inventory has been conducted by the management. In our opinion the frequency of verification is reasonable.  
       b)     In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
       c)     The company is maintaining proper records of inventories. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts.
3.     a)     The company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Act.  
       b)     In view of clause (3) (a) above clause 3(b), 3(c) & 3(d) are not applicable.
4.     According to the information and explanation given to us there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods, there is no continuing failure to correct major weaknesses in internal control.
5.     a)     According to the information and explanation given to us we are of the opinion that there are no transaction that need to be entered into the register maintained under section 301.  
       b)     In view of clause 5(a) above clause 5(b) is not applicable.
6.     The company has not accepted any deposits from the public within the meaning of section 58 A & 58 AA of the Companies Act and rules framed there under during the year.
7.     As per the information and explanation given to us, the company did not have any internal audit system during the year under consideration.
8.     We are informed that the Central Government has not prescribed maintenance of cost records for the company's products under section 209(1)(d) of the companies Act, 1956.
9.     According to the records of the company the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess & any other Statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March, 2005 for a period of more than six months from the date they became payable.
10.    The company neither has accumulated losses at the end of the financial year and has not incurred cash losses both, in the financial year under report and in the immediately preceding financial year.
11.    The company has not defaulted in repayment of dues to bank.
12.    According to the information and explanation given to us the company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and others securities.
13.    Clause 4 (XIII) of the order is not applicable to the company as the company is not a Chit Fund Company or Nidhi / Mutual benefit Fund / Society.

14. According to the information and explanation given to us the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of the clause are not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
16. According to the information and explanation given to us the company has not raised any term loans during the year. Accordingly the provisions of the clause is not applicable to the company.
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 no funds raised on short term basis have been used for long term investment and vice versa.
18. The company has not made any preferential allotment of shares during the year.
19. The company did not have any outstanding debentures during the year. Accordingly no securities have been created.
20. The company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

**For : ANIL BANSAL & ASSOCIATES**  
Chartered Accountants

**For : N. B. SHETTY & CO.**  
Chartered Accountants

**ANIL BANSAL**  
Proprietor  
Membership No. 43918

**PRADEEP SHETTY**  
Partner  
Membership No. 46940

PLACE : MUMBAI

DATE : 17/08/2005

# ORIENTAL VENEER PRODUCTS LTD.

## BALANCE SHEET AS ON 31ST MARCH, 2005

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2005 (RS.)	AS AT 31.03.2004 (RS.)
<b>SOURCES OF FUNDS</b>			
<b><u>Shareholders' Funds :</u></b>			
Share Capital	1	53,884,000	53,884,000
Reserves & Surplus	2	82,923,351	77,158,231
		136,807,351	131,042,231
<b><u>Loans Funds :</u></b>			
Secured Loans	3	62,209,125	36,272,035
Unsecured Loans	4	43,115,457	43,115,457
Deferred Tax Liability (Net) See Note 6 (II)		10,825,046	11,711,976
		116,149,628	91,099,468
<b>Total</b>		<b>252,956,979</b>	<b>222,141,699</b>
<b><u>APPLICATION OF FUNDS :</u></b>			
<b><u>Fixed Assets :</u></b>			
Gross Block	5	112,324,416	105,430,150
Less : Depreciation		37,435,805	32,492,692
		74,888,611	72,937,458
<b><u>Investments</u></b>		75,000	75,000
<b><u>Current assets, Loans &amp; advances</u></b>			
<b><u>Current Assets :</u></b>	6		
Inventory		57,080,358	69,358,292
Debtors		80,053,473	126,369,176
Cash & Bank Balances		1,333,867	2,175,728
Deposit		79,058,902	150,471,040
		217,526,600	348,374,236
Loans And Advances	7	8,945,773	15,195,356
		226,472,373	363,569,592
Less : Current Liabilities & Provisions	8	48,711,110	214,904,565
		177,761,263	148,665,027
Net Current Assets			
Miscellaneous Expenditure	9	232,105	464,214
(To the extent not written/off or adjusted)			
<b>Total</b>		<b>252,956,979</b>	<b>222,141,699</b>
Notes Forming Part of the Accounts			

As per our Report of even date

For : **ANIL BANSAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS

For : **N. B. SHETTY & CO.**  
CHARTERED ACCOUNTANTS

**MR. S. N. MITHIBORWALA**  
(Director)

**ANIL BANSAL**  
PROPRIETOR

**P. J. SHETTY**  
PARTNER

**MR. K. N. MITHIBORWALA**  
(Director)

PLACE : MUMBAI  
DATE : 17/08/2005

PLACE : MUMBAI  
DATE : 17/08/2005

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004**

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2005 (RS.)	AS AT 31.03.2004 (RS.)
<b>INCOME</b>			
Sales		393,369,689	423,269,481
Other Income & Receipt	10	2,016,045	1,279,442
<b>TOTAL</b>		<b>395,385,734</b>	<b>424,548,923</b>
<b>EXPENDITURE</b>			
Materials	11	317,292,260	340,539,287
Manufacturing & Other Expenses	12	64,457,488	68,931,114
Interest		1,656,819	1,797,541
Depreciation		4,943,113	4,688,984
<b>TOTAL</b>		<b>388,349,680</b>	<b>415,956,926</b>
Profit Before Tax		7,036,054	8,591,997
Less : Provisions for Income Tax		2,157,864	2,623,304
- Deferred Tax		(886,930)	(839,611)
Profit after Tax		5,765,120	6,808,604
Less : Trf to General Reserve		3,500,000	3,500,000
		2,265,120	3,308,304
Add : Previous Year Balance		41,679,640	38,371,336
<b>Balance Carried to Balance Sheet TOTAL</b>		<b>43,944,760</b>	<b>41,679,640</b>
Weighted Average Number of Equity Shares		5,390,300	5,390,300
Basic and diluted earning per Equity share		1.07	1.25
Notes Forming Part of the Accounts			

As per our Report of even date

For : **ANIL BANSAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS

For : **N. B. SHETTY & CO.**  
CHARTERED ACCOUNTANTS

**MR. S. N. MITHIBORWALA**  
(Director)

**ANIL BANSAL**  
PROPRIETOR

**P. J. SHETTY**  
PARTNER

**MR. K. N. MITHIBORWALA**  
(Director)

PLACE : MUMBAI  
DATE : 17/08/2005

PLACE : MUMBAI  
DATE : 17/08/2005

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

	<b>AS AT 31.03.2005 (RS.)</b>	<b>AS AT 31.03.2004 (RS.)</b>
<b>SCHEDULE NO. 1 :</b>		
<b><u>SHARE CAPITAL</u></b>		
6000000 Equity Shares of Rs. 10/- each (Previous Year 60000000 Equity Shares of Rs. 10/- Each)	60,000,000	60,000,000
ISSUED, SUBSCRIBED & PAID UP 5390300 Equity Shares of Rs. 10/- each	53,903,000	53,903,000
Less : Calls in Arrears	19,000	19,000
<b>TOTAL</b>	<b>53,884,000</b>	<b>53,884,000</b>
<b>SCHEDULE NO. 2 :</b>		
<b><u>RESERVES AND SURPLUS</u></b>		
a) Capital reserve :	3,025,000	3,025,000
b) General Reserve	32,453,591	28,953,591
As per Last Balance Sheet	3,500,000	3,500,000
Trf. From P & I A/C	38,978,591	35,478,591
	---	---
c) Profit & Loss A/C	43,944,760	41,679,640
<b>TOTAL</b>	<b>82,923,351</b>	<b>77,158,231</b>
<b>SCHEDULE NO. 3 :</b>		
<b><u>SECURED LOANS</u></b>		
Vehicle Loan from HDFC Bank	40,288	2,41,517
Working Capital Finance from Bank	62,168,837	36,030,518
<b>TOTAL</b>	<b>62,209,125</b>	<b>36,272,035</b>

**Notes :**

Working Capital Loans from Development Credit Bank Ltd, The Saraswat Co-op. Bank Ltd. And The Shamrao Vitthal Co-op Bank Ltd. Is secured by the equitable mortgage of immovable properties of the company and by the Hypothecation of movable Fixed Assets of the company and Hypothecation on the Company's current assets i.e. stocks of raw materials, work-in-progress, finished goods, stores and spares, Bills receivable, Book debts and all other movable both present and future.

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

	AS AT 31.03.2005 (RS.)	AS AT 31.03.2004 (RS.)
<b>SCHEDULE NO. 4 :</b>		
<b><u>UNSECURED LOANS</u></b>		
From sales Tax (Diff. Scheme)	43,115,457	43,115,457
<b>TOTAL</b>	<b>43,115,457</b>	<b>43,115,457</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

**SCHEDULE NO. : 5**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	AS AT 31.3.2004	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT 31.3.2005	FOR THE YEAR	UPTO 31.3.2005	AS AT 31.3.2005	AS AT 31.3.2004
Land	1,594,780	337,900	---	1,932,680	---	---	1,932,680	1,594,780
Building	35,407,833	73,611	---	35,481,444	1,183,684	11,357,874	24,123,570	25,233,643
Plant & Machinery	56,910,409	4,411,160	25,000	61,296,569	2,844,254	20,237,063	41,059,506	39,517,600
Electrical Installations	4,595,252	---	---	4,595,252	218,274	2,030,760	2,564,492	2,782,766
Furniture & Fixtures	151,448	---	---	151,448	9,587	74,922	76,526	86,113
Office Equipments	1,463,091	369,706	---	1,832,797	85,675	415,809	1,416,988	1,132,957
Computers	1,587,384	86,325	---	1,673,709	265,286	1,283,524	390,185	569,146
Vehicle	3,222,348	---	---	3,222,348	306,123	1,820,021	1,402,327	1,708,450
Fire Extinguisher	156,362	---	---	156,362	7,427	56,332	100,030	107,457
Laboratory Testing Equipment	341,243	---	---	341,243	16,209	152,906	188,337	204,546
Residential Flat	---	1,640,564	---	1,640,564	6,594	6,594	1,633,970	---
<b>TOTAL</b>	<b>105,430,150</b>	<b>6,919,266</b>	<b>25,000</b>	<b>112,324,416</b>	<b>4,943,113</b>	<b>37,435,805</b>	<b>74,888,611</b>	<b>72,937,458</b>
<b>Previous Year</b>	<b>102,767,388</b>	<b>2,662,762</b>	---	<b>105,430,150</b>	<b>4,688,984</b>	<b>32,492,692</b>	<b>72,937,458</b>	<b>74,963,680</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

	<b>AS AT 31.03.2005 (RS.)</b>	<b>AS AT 31.03.2004 (RS.)</b>
<b>SCHEDULE NO. 6 :</b>		
<b><u>INVENTORIES :</u></b> (As taken valued & certified by management)		
Raw Materials (at cost)	6,980,293	50,139,495
Finished goods (at cost or net realisable value which is lower)	8,791,006	11,955,847
Semi finished goods (at cost)	41,168,375	6,679,977
Stores & Spares (at cost)	140,684	582,973
	<b>57,080,358</b>	<b>69,358,292</b>
<b><u>DEBTORS :</u></b> (Unsecured, Considered Goods)		
Debts outstanding for a period exceeding six months	9,187,978	8,424,152
Other Debts	70,865,495	117,945,024
	<b>80,053,473</b>	<b>126,369,176</b>
<b><u>CASH &amp; BANK BALANCE :</u></b>		
Cash in hand	664,638	2,089,749
<b>Balance with Schedule Banks :</b>		
In Current Account	669,229	85,979
	<b>1,333,867</b>	<b>2,175,728</b>
<b><u>DEPOSITS</u></b>	<b>79,058,902</b>	<b>150,471,040</b>
<b>TOTAL</b>	<b>217,526,600</b>	<b>348,374,236</b>
<b>SCHEDULE NO. 7 :</b>		
<b><u>LOANS &amp; ADVANCES</u></b> (Unsecured Considered Goods)		
Advances Recoverable in cash or in kind	386,069	167,102
Tax deducted at sources	4,933,153	5,791,521
Excise duty Modvat	438,691	747,804
Sales Tax Refundable	--	75,343
Sales Tax Underprotest	61,604	--
Service Tax	--	500,000
Excise duty Underprotest	2,565,680	2,565,680
Interest Accured but not recd.	--	4,941,665
Advance Income Tax	300,000	100,000
Prepaid Expenses	260,576	306,241
	<b>8,945,773</b>	<b>15,195,356</b>



**SCHEDULE FORMING PART OF THE BALANCE SHEET**

	AS AT 31.03.2005 (RS.)	AS AT 31.03.2004 (RS.)
<b>SCHEDULE NO. 8 :</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS :</u></b>		
<b><u>CURRENT LIABILITIES :</u></b>		
Sundry Creditors for Goods	36,619,744	131,563,940
Sundry Creditors for Expenses	5,333,954	7,023,937
Other liabilities	1,976,244	72,076,384
	<b>43,929,942</b>	<b>210,664,261</b>
<b><u>PROVISIONS :</u></b>		
Income Tax	4,781,168	4,240,304
	<b>48,711,110</b>	<b>214,904,565</b>
<b>SCHEDULE NO. 9 :</b>		
<b><u>MISCELLANEOUS EXPENDITURE</u></b>		
(To the extent not written off our adjusted)		
Preliminary Expenses	---	---
Public Issue Expenses	232,105	464,214
	<b>232,105</b>	<b>464,214</b>

**SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	AS AT 31.03.2005 (RS.)	AS AT 31.03.2004 (RS.)
<b>SCHEDULE NO. 10 :</b>		
<b><u>OTHER INCOME &amp; RECEIPTS :</u></b>		
Interest on Income Tax Refund	36,871	69,244
Interest (Others)	18,012	--
Provisions no Longer required	1,949,891	1,209,823
Dividend	11,271	375
	<b>2,016,045</b>	<b>1,279,442</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

	<b>AS AT 31.03.2004 (RS.)</b>	<b>AS AT 31.03.2003 (RS.)</b>
<b>SCHEDULE NO. 11</b>		
<b>A. RAW MATERIAL</b>		
Opening Stock	50,139,495	35,625,582
Add : Purchase during the year	278,708,248	341,993,673
	328,847,743	377,619,255
Less : Closing stock	6,980,294	50,139,495
Consumption	<b>321,867,449</b>	<b>327,479,760</b>
 <b>B. Purchase of Traded Goods</b>	 14,604,179	 5,037,126
 <b>C. (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS &amp; SEMI FINISHED GOODS</b>		
Closing stock of finished goods	8,791,006	11,955,847
Closing stock of semi finished goods	41,168,375	6,679,977
	<b>49,959,381</b>	<b>18,635,824</b>
Opening Stock :		
Finished goods	11,955,847	8,777,598
Semi Finished goods	6,679,977	6,680,369
	<b>18,635,824</b>	<b>15,457,967</b>
(Increase) / Decrease	<b>(31,323,557)</b>	<b>(3,177,857)</b>
 <b>D. STORES &amp; SPARES</b>		
Opening Stock	582,973	129,810
Add : Purchase During the year	11,701,899	11,653,421
	12,284,872	11,783,231
Less : Closing Stock	140,684	582,973
Consumption	<b>12,144,188</b>	<b>11,200,258</b>
<b>TOTAL MATERIALS (A+B-C+D)</b>	<b>317,292,260</b>	<b>340,539,287</b>

**SCHEDULE FORMING PART OF THE PROFIT & LOSS A/C**

	<b>AS AT 31.03.2005 (RS.)</b>	<b>AS AT 31.03.2004 (RS.)</b>
<b>SCHEDULE NO. 12 :</b>		
<b><u>MANUFACTURING &amp; OTHER EXPENDITURE</u></b>		
Advertisement	174,157	86,296
Audit Fees	73,600	86,400
Bank Charges	631,696	---
Books & Periodicals	---	9,572
Business & Promotion	158,960	10,433
Conveyance & Expenses	402,133	222,745
Coolie & Cartage	82,303	116,709
Computer Expenses	199,356	232,390
Commission on Sales	114,716	86,353
Demat Charges	18,655	---
Donation	---	16,600
Directors Remuneration	880,000	840,000
Diwali Expenses	10,100	62,899
Electricity Office	192,060	196,368
Excise Duty	53,923	24,236
Excise Duty on Finished Goods	1,087,590	1,949,891
Factory General Expenses	977,762	692,596
Freight Outward	7,944,796	12,544,562
General Office Expenses	1,670,746	554,221
Income Tax	2,480	---
Insurance	1,746,108	1,392,169
Interest on Excise Duty	---	151,033
Inspection Charges	11,772	11,600
Labour Welfare Expenses	646,817	697,391
Listing Fees	23,750	23,750
Membership Fees & Subscription	76,783	67,923
Net Labour Charges	882,244	1,765,147
Octroi Charges	266,095	205,640
Packing and Forwarding Charges	132,269	131,419
Power, Fuel, Water & Electricity	33,184,162	34,253,080
Postage, Telegram & Courier Charges	45,698	44,910
Professional Charges	328,678	392,035
Professional Tax Company	2,500	---
Printing & Stationery Charges	580,987	664,786
Preliminary Expenses W/Off	---	16,163
Public Issue Expenses W/Off	232,109	232,109
Profession Tax	575	2,500
Provident Fund	442,125	491,752
Repairs & Maintenance	931,496	1,482,761
Rent, Rate & Taxes	1,282,517	435,769
Security Charges	553,946	733,268
Salary & Bonus	2,735,390	1,472,616
Sales Tax	---	25,629
Staff Welfare Expenses	833,024	646,239
Traveling Expenses	1,557,392	1,208,040
Telephone Expenses	928,165	1,155,649
Vehicle Expenses	1,279,650	2,558,444
Wages	1,078,203	927,052
Works Contract	---	9,969
	<b>64,457,488</b>	<b>68,931,114</b>

**SCHEDULE NO. 13**

**NOTES FORMING PART OF THE ACCOUNTS**

**1. Significant Accounting Policies :**

I] Recognition of Income & Expenditure. All Income & Expenditure are accounted on accrual Basis except in case of Gratuity and Leave encashment is on payment basis.

II] Valuation of Inventories.

a) Raw Materials, Store & Spares are Valued at cost.

b) Semi Finished Goods are valued at approximate Cost of Input, depending on the stage of completion.

c) Finished goods are valued at cost or net realisable value which ever is lower. The Excise Duty in respect of closing inventory of finished goods is included As Cost Inventory.

III] Accounting of Cenvat Credit.

CENVAT Credit available on Raw Materials is accounted by booking Raw Material purchases, net of excise duty. Similarly CENVAT credit entitlement on capital goods is accounted on booking the capital goods, net of excise duty. Both these credits are accumulated and shown as receivable in "Loans and Advances" for adjustment in due course against duty payable of finished goods, subject to compliance of excise rules in this regard.

IV] Fixed Assets :

Fixed Assets are capitalised inclusive of installation expenses Pre-Operative Expenses are Capitalised over the items of Fixed Assets on Pro-rata basis the assets are put to use.

V] Depreciation :

Depreciation on fixed assets is provided on straight-line basis and in the manner provided in Schedule XIV to The Companies Act, 1956. Depreciation on additions is Provided on Pro-rata basis for the period for which the Assets are put to use.

VI] Investments taken at Cost.

VII] Foreign Exchange Transaction :

Transaction in foreign currency are recorded at the exchange rate prevailing at the time of the Transaction. The Exchange Differences arising out of subsequent settlement. If any, are dealt with in the Profit & Loss A/c.

VIII] Taxation :

Income - Tax Expenses comprises current Tax and deferred tax charge or credit. The Deferred tax charge or credit is recognised using current tax Rates.

IX] Retirement benefits :

a) Gratuity is on Cash basis.

b) Leave encashment is on Cash basis.

X] Preliminary and Public issue expenses.

Preliminary and Public issue expenses are written off every year at 1/10th of the total expenditure incurred.

**2. Contingent Liabilities not provided for .:**

I] The value of letter of credit (Foreign) opened by the Bank on behalf of the company for Import of Timber and Outstanding as on 31st March, 2005. Was Rs. 1,78,55,190/- (Previous Year Rs. 11,09,62,330/-)

II] Demand of Rs. 14,27,168/- ((Previous Year Rs. 14,27,168/-) from Central Excise Department Company has filed an appeal in Tribunal.

III] Guarantees given by Company's Banker Rs. NIL (Previous Year Rs. 90,477/-)

3. Amount of Sales Tax Deferment Shown under unsecured loan are taken on the basis of Sales Tax return filed by the Company with the sales tax department.

4. Payment against supplies by small scale industrial undertaking are made in accordance with the Agreed Credit terms and to the extent ascertained from available information, there were no amount due to small scale industrial undertakings as on 31st March, 2005.

5. Payment to Auditors :

A]	For Audit Fees	Rs. 70,000/- (Previous Year Rs. 70,000/-)
B]	For Tax Audit Fees	Rs. 10,000/- (Previous Year Rs. 10,000/-)
C]	Service Tax	Rs. 8,160/- (Previous Year Rs. 6,400/-)

6. I] Income Tax liability is provided by applying the applicable rate to the taxable Income.

II] In accordance with Accounting Standard 22, the deferred Tax Credit of Rs. 8,86,930/- Recognised in the Profit & Loss Account. The deferred tax liability arising due to timing difference comprise of Depreciation Rs. 1,08,25,046/- (previous Year Rs. 1,17,18,238/-)

7. Related Party Information :

I) Relationship :

A) Where Control Exists : Nil

B) Key Management Personnel :

Mr. Vall N. Mithiborwala (Chairman cum Managing Director)

Mr. Saleh N. Mithiborwala (Director)

Mr. Karim N. Mithiborwala (Director)

C) Relatives of key Management personnel and their enterprises, where transaction Have taken place.

(I) Mrs. Husena V. Mithiborwala

(II) Transactions with related parties :

Particulars	Related Parties	
	Referred in I (b) Above	Referred in I (c) Above
Sales	---	---
Expenses	---	---
Director Remuneration	8,80,000	---
Salary	---	4,80,000

8. Segment Information :

As per Explanation given By Management that segment information is not possible as per Accounting Standard AS-17 because the Company is manufacturing Veneer which is Required to Manufacture Compreg Board. The Company is selling Compreg Board and Veneer Also, Hence Segment identification is not possible.

9. Previous year figures have been regrouped where necessary.

10. The Balance of Advances and Debtors are taken on the basis of book figures and are subject to confirmations.

# ORIENTAL VENEER PRODUCTS LTD.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2005

Particulars	Year ended 31st March, 2005 (Rs. in Lacs)		Year ended 31st March, 2004 (Rs. in Lacs)	
<b><u>A. CASH FLOW FROM OPERATING ACTIVITIES</u></b>				
Net profit Before Tax & Extraordinary Items		70.36		85.92
Adjustment For :				
Add : Depreciation	49.43		46.89	
Interest Payable on Loan	16.57		17.98	
Interest / Dividend Income	(0.66)		-	
Misc. Exp. W/off	2.32	67.66	2.48	67.35
Operating profit before working capital changes		138.02		153.27
Adjustment For :				
Debtors & Other Receivable	(525.66)		316.85	
Inventories	(122.78)		181.45	
Trade Payable & Other liabilities	1,661.94	(1,013.51)	(483.42)	14.88
Cash generated from operation		(875.49)		138.39
Interest paid		16.57		17.98
Income Tax		21.58		26.23
Net Cash from operating activities		(913.64)		94.18
<b><u>B. CASH FLOW FROM INVESTING ACTIVITIES</u></b>				
Investment		---		(0.50)
Purchase of Fixed Assets		(68.94)		(26.63)
Investment in Deposit		714.12		190.06
Interest / Divident Received		0.66		-
Net Cash Flow from Investing Activities		645.84		91.93
<b><u>C. CASH FLOW FROM FINANCING ACTIVITIES</u></b>				
Proceeds from Share Capital		-		-
Proceeds from Long Term Borrowings		-		-
Repayment of Long Term Borrowings		(2.01)		(3.40)
Proceeds from Short Term Borrowings		-		-
Proceeds/Repayment from/to Bank Borrowings		(261.38)		(169.21)
Net Cash in Financing Activities		259.37		(172.61)
<b><u>D. NET INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS</u></b>		(8.43)		13.50
Cash & Cash Equivalents at the Beginning of the Year		21.77		8.27
Cash & Cash Equivalents at the End of the Year		13.34		21.77

**Mr. S. N. Mithiborwala**  
(Director)

**Mr. K. N. Mithiborwala**  
(Director)

Place : Mumbai  
Date : 17/08/2005

# ORIENTAL VENEER PRODUCTS LTD.

11.Information pursuant to the provisions of paragraph 3, 4C of part II of Schedule VI to the companies Act, 1956.

	FOR THE YEAR ENDED 31/03/2005		FOR THE YEAR ENDED 31/03/2004	
	Veneer	Compreg Board	Veneer	Compreg Board
1. Licensed Capacity	155000 CFT	63000 CFT	155000 CFT	63000 CFT
2. Installed Capacity (As per Certified by Management)	200000 CFT	80000 CFT	200000 SFT	80000 CFT
<b>3. Production</b>	<b>Qty</b>	<b>Amount</b>	<b>Qty</b>	<b>Amount</b>
Veneer	16933496 Sqm		21999414 Sqm	
Compreg Boards	830935 Nos		761290 Nos	
Resin	2108179 Kgs		2061318 Kgs	
Phenolic Resin	110460 Kgs		165850 Kgs	
<b>4. Turnover of Mfg.Goods</b>				
Veneer *	16769761 Sqm	73627966	22142030 Sqm	107940608
Compreg Boards	855720 Nos	287981716	764960 Nos.	294248914
Captive Resin	2108179 Kgs.	0	2061318 Kgs	0
Phenolic Resin	110668 Kgs	1767360	165725 Kgs	2651600
* Included Captive Veneer 3428363 sq.mtr. (Previous year 4403105 sq.mtr.)				
<b>5. Turnover of Traded Goods</b>				
Timber	721.302 H. Ton	12369588	320.590 H. Ton	55,00,000
Machinery	2	559288	Nil	Nil
Compreg Boards	5445 Nos.	2618684	Nil	Nil
<b>6. Stock</b>				
<b>Opening Stock</b>				
Veneer	67259 Sqm	312083	209876 Sqm	973821
Compreg Board	36784 Nos	11288357	40454 Nos	7797393
Phenolic Resin	429 Kgs	5577	304 Kgs	6384
<b>Closing Stock</b>				
Veneer	230994 Sqm	1176913	67259 Sqm	312083
Compreg Board	11999 Nos	7605014	36784 Nos	11288357
Phenolic Resin	221 Kgs	9079	429 Kgs	5577
<b>7. Material Consumed</b>				
Imported Timber	665691 Cft	207317420	618784 Cft	252405950
Veneer	4770256 Sqm	18938011	3668419 Sqm	18751539
Phenol	819620 Kgs	52237156	842004 Kgs	35932520
Formaldehyde	1189220 Kgs	10530265	1179020 Kgs	12312462
Caustic Soda	39598 Kgs	603408	30385 Kgs	426438
Paper	222357 Kgs	8691673	79448 Kgs	4023560
Melamine Powder	72200 Kgs	4185175	90500 Kgs	5529430
Liquid Ammonia	636 Kgs	9850	13 Kgs	172
Others		19354491		19575720
<b>8. Purchase of Traded Goods</b>				
Timber	721.302 H.Ton	11518295	320.590 H.Ton	5037126
Machinery	2	467200	Nil	Nil
Compreg Boards	5445 Nos.	2618684	Nil	Nil
<b>9. CIF Value of Import</b>		153665293		244188988
<b>10. Expenditure in Foreign Currency</b>				
Purchase of Timber Logs		263293219		237245661
Purchase of Capital Goods		445116		0
Purchase of Stores & Spares		1364095		615680

**ORIENTAL VENEER PRODUCTS LTD.**

	Qty	Amount	Qty	Amount
11. Earning in Foreign Exchange		3041763		933900
12. Raw Material, Stores & Spares Consumed	Rs.	% to Total	Rs.	% to Total
Imported	220616926	66	250623213	74
Indigenous	113394711	34	88056805	26
Total	334011637	100	338680018	100

As per our report of even date

For : **ANIL BANSAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**ANIL BANSAL**  
PROPRIETOR

Place : Mumbai  
Date : 17/08/2005

For : **N. B. SHETTY & CO.**  
CHARTERED ACCOUNTANTS

**P. J. SHETTY**  
PARTNER

**MR. S. N. MITHIBORWALA**  
(Director)

Place : Mumbai  
Date : 17/08/2005



**AUDITORS CERTIFICATE**

We have checked the above Cash Flow Statement of M/s. Oriental Veneer Products Limited, derived from the Audited Annual Financial Statement for the year Ended 31st March 2005 and with the Books and Records Maintained by the Company and found the same to be in accordance therewith.

For : **ANIL BANSAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS

For : **N. B. SHETTY & CO.**  
CHARTERED ACCOUNTANTS

**ANIL BANSAL**  
PROPRIETOR

**P. J. SHETTY**  
PARTNER

PLACE : MUMBAI  
DATE : 17/08/2005

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**INFORMATION REQUIRED AS PER PART OF SCHEDULE VI TO THE COMPANIES ACT 1956**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****REGISTRATION DETAILS**

I.	Registration No. 60686	State Code - 11	Balance Sheet-31/03/2005	
II.	Capital Raised during the year (Amount in Rs. Thousand)			
	Public Issue	NIL	Right Issue	NIL
	Bonus Issue	NIL	Issued to Promoters	NIL
III.	Position of Mobilisation and Development of Fund (Amount in Rs. Thousand)			
	Total Liabilities	252957	Total Assets	252957
IV.	Source of Funds			
	Paid up Capital	53884	Reserves & Surplus	82923
	Secured Loans	62209	Unsecured Loans	43115
V.	Application of Funds			
	Net Fixed Assets	74888	Investments	75
	Net Currents Assets	177761	Miscellaneous Expenditure	232
	Accumulated Losses	NIL		
VI.	Performance of Company (Amount in Rs. Thousand)			
	Turnover including Other Income	395386	Total Expenditure	388350
	Profit/Loss before Tax	7036	Profit/Loss	5765
	Earning per Share	Rs. 1.07	Dividend Rate	NIL
VII.	Generic names of Three Principle Services			
	1. Veneer			
	2. Compreg Board			

# ORIENTAL VENEER PRODUCTS LTD.

Post : Aghai, Via : Kalyan Rly. Stn. Dist. : Thane, Pin-421 601.

## PROXY FROM

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of the above named Company, hereby  
appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_  
him \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us my/our behalf at the 14th Annual General Meeting of the Company to be held at 10.00 a.m. on Friday, 30th September 2005 at Post : Aghai, Via : Kalyan Rly. Stn. Dist : Thane, Pin - 421 601. and at any adjournment thereof.

Regd. Folio No. \_\_\_\_\_

Signed \_\_\_\_\_

Date \_\_\_\_\_

Please  
affix 1 Rupee  
revenue stamp

### NOTES :

- (a) The Form should be signed across the stamp as per specimen signature registered with the company.
- (b) The Companies Act, 1956 lays down that the instrument, appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before commencement of the meeting.
- (c) A proxy need not be a member.

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

### 14th Annual General Meeting - 30th September, 2005

I, hereby record my presence at the 14th Annual General Meeting of the Company held at Post : Aghai, Via : Kalyan Rly. Stn. Dist. : Thane, Pin - 421 601, on Friday, 30th September 2005 at 10.00 a.m.

Full Name of Member (IN BLOCK LETTERS) \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Full Name of Proxy (IN BLOCK LETTERS) \_\_\_\_\_

Member's/Proxy's Signature \_\_\_\_\_

### NOTE :

Persons attending the Annual General Meeting are requested to bring their copies of Annual Report, since no separate copies will be distributed at the Annual General Meeting.

**BOOK - POST**

*To,*

***Annual Report 2004/2005***

**If Undelivered, please return to :**



**ORIENTAL VENEER PRODUCTS LTD.  
CORPORATE OFFICE :  
24-A, MOHAMMEDI LAKDA BAZAR NO. 1,  
MAULANA SAUKATALI ROAD,  
MUMBAI - 400 008.**