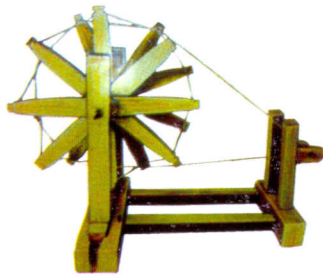




*53rd*  
***ANNUAL  
REPORT***  
*2009-2010*

Sarda Plywood Industries Ltd.



## The unity of our nation was spun on wood

If we grow wood only for fuel, look what we lose

Where would we get wood for the necessities for life?

For cradles.

Ploughs.

Doors and windows...

After all, nature does provide alternative fuels - but there is no substitute for wood.

So what can we do? The answer is simple.

We can - and must - grow more forests.

And when we do, we must concentrate not only on the number of trees we plant, but also on the species we plant.

In short, we must go in for Mixed Forestry.

Mixed Forestry simply means planting a balanced mix of trees. To meet our undeniably important fuel and fodder needs - as well as our industrial timber needs.

And, to further enhance conservation, we must make the best use of our forest resources.

As plywood does.

Because one unit volume of plywood serves the purpose of two unit volumes of sawn timber - a saving of 200%.

This means in turn that pressure on the demand for sawn wood is reduced - and our forest resources conserved.

**All over the world forestry is booming a priority - let's act before it's too late.**



Sarda Plywood Industries Ltd.

*Plywood conserves forests*





# Sarda Plywood Industries Limited

## **Board of Directors**

Dr. Samares Kumar Chanda  
*Chairman*

Shri Sujit Chakravorti  
Dr. Kali Kumar Chaudhuri  
Shri Ratan Lal Gaggar  
Shri Kirti Kumar Maheshwari  
Shri Naresh Pachisia

Shri Sohan Lal Yadav  
*Whole-time Director*

Shri Sudeep Chitlangia  
*Managing Director*

## **Chief Financial Officer & Company Secretary**

Shri B. L. Mundhra

## **Bankers**

United Bank of India  
State Bank of India

## **Auditors**

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

## **Registered Office**

9, Parsee Church Street  
Kolkata - 700 001

## **Corporate Office**

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

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## Notice to the Members

**NOTICE** is hereby given that the 53<sup>rd</sup> Annual General Meeting of SARDA PLYWOOD INDUSTRIES LIMITED will be held at The Far Pavilion, Tollygunge Club Limited, 120, Deshapran Sasmal Road, Kolkata – 700 033, on Wednesday, the 29<sup>th</sup> September 2010 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2010 and Balance Sheet as at that date, together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Dr. Kali Kumar Chaudhuri who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Samares Kumar Chanda who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and for this purpose, to consider and if thought fit, to pass with or without modification the following resolution :  
"RESOLVED that Messrs G.P. Agrawal & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors."
5. To appoint Branch Auditors and fix their remuneration and for this purpose, to consider and if thought fit, to pass with or without modification the following resolution :  
"RESOLVED that pursuant to Section 228(3) of the Companies Act, 1956, Messrs Grover Dinesh & Associates, Chartered Accountants be and are hereby re-appointed as Branch Auditors of the Company for auditing the books of accounts maintained by the Delhi Branch of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors."

### SPECIAL BUSINESS

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

#### 6. As Special Resolution :

"RESOLVED that pursuant to Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof and in partial modification of the resolution passed by the shareholders in the Annual General Meeting held on 26th September 2008, remuneration paid/payable to Shri Sudeep Chitlangia, Managing Director for the period 1st April 2010 to 31st March 2011 be revised as under-

(a) Salary of Rs.1,50,000/- per month.

(b) Medical Benefits : Reimbursement of medical expenses (including medical insurance) for himself and his family subject to a ceiling of one month's salary in a year provided that any additional expenditure incurred for medical treatment over and above the ceiling for himself and his family may be reimbursed on actual basis subject to approval by the Remuneration Committee.

(c) All other terms and conditions of his appointment will remain the same.

"RESOLVED FURTHER that the aforesaid remuneration be paid to Shri Sudeep Chitlangia, Managing Director, as minimum remuneration notwithstanding no profits or inadequate profits in any financial year."

#### 7. As Special Resolution :

"RESOLVED that pursuant to Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof and in partial modification of the resolution passed by the shareholders in the Annual General meeting held on 22nd September 2009, remuneration paid/payable to Shri Sohan Lal Yadav, Wholtime Director with effect from 1st April 2010 be revised as under –

(a) Salary of Rs.1,20,000/- per month, which may be revised within the limits laid down under Schedule XIII of the Companies Act, 1956 by the Remuneration Committee at any time during the tenure of his appointment.

**Notice (Contd.)**

(b) All other terms and conditions of his appointment will remain the same.

“RESOLVED FURTHER that the aforesaid remuneration be paid to Shri Sohan Lal Yadav, Wholetime Director, as minimum remuneration notwithstanding no profits or inadequate profits in any financial year.”

By Order of the Board

Registered Office :  
 9, Parsee Church Street  
 Kolkata - 700 001  
 27<sup>th</sup> May, 2010

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

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY FORM MUST REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS PRIOR TO THE TIME OF HOLDING THE MEETING.
2. Register of the Members and the Share Transfer Books of the Company will remain closed from 16<sup>th</sup> September 2010 to 29<sup>th</sup> September 2010 (both days inclusive).
3. Unclaimed dividend for the years 2004-05, and 2005-06, which may remain unpaid or unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund of the Central Government. Members, who have not yet encashed their dividend warrants for the above said years are requested to contact the Registrar and Share Transfer Agents.
4. Members are requested to intimate change in their addresses, if any, to the Registrar and Share Transfer Agents in respect of equity shares held in physical mode and to their depository participants (DPs) in respect of shares held in dematerialised form.
5. Members/Proxies are requested to bring the attendance slips with them duly filled in and hand over the same at the entrance of the meeting hall.
6. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring with them their copy of the Annual Report at the Annual General Meeting.
7. Members seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
8. A brief resume of the Directors, proposed to be re-appointed -
  - (a) Name of Director : Dr. Kali Kumar Chaudhuri  
 Date of Birth : 18<sup>th</sup> September 1945  
 Date of Appointment : 24<sup>th</sup> January 2006  
 Qualification : M.Sc. Phd.  
 Experience : 37 years  
 Other Directorships : Manakshia Ltd.  
 Committee Memberships in other Companies : Manakshia Ltd. – Audit Committee  
 Number of shares held in the Company : Nil
  - b) Name of Director : Dr. Samares Kumar Chanda  
 Date of birth : 3rd May 1923  
 Date of appointment : 22nd January, 1994  
 Qualification : M.Sc. Phd. (Manchester)  
 Experience : 63 years  
 Other Directorships : Nil  
 Committee Memberships in other Companies : Nil  
 Number of shares held in the Company : 2000 shares (As second holder)



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

**Item No.6**

Shri Sudeep Chitlangia was re-appointed as Managing Director of the Company for a period of 3 years with effect from 1st April 2008 in terms of the resolution passed at the Annual General Meeting of the Company held on 26th September 2008 on the terms and conditions and remuneration as set out in the said resolution.

The remuneration payable to Shri Sudeep Chitlangia was determined with reference to the limits laid down under sub-paragraph (A) of Section II of Part II of Schedule XIII of the Companies Act, 1956. Having regard to the effective capital of the Company, the remuneration of Shri Sudeep Chitlangia can not be increased under the above said sub-paragraph.

In order to ensure that Shri Sudeep Chitlangia, Managing Director of the Company is adequately rewarded for his efforts, the Remuneration Committee of the Company as well as Board of Directors of the Company have decided to re-fix his remuneration within the limits laid down under sub-paragraph (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956. Payment of remuneration, as above, requires approval of the members by a special resolution.

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

A notice under Section 302 of the Companies Act, 1956 as to the abstract of revision of Managing Director's remuneration is being sent to all the shareholders of the Company.

Shri Sudeep Chitlangia may be regarded as a person concerned with or interested in the resolution to the extent of the remuneration proposed to be paid to him. No other Director of the Company is in any way concerned or interested in the resolution.

**Item No.7**

Shri Sohan Lal Yadav was re-appointed as Whole-time Director of the Company for a period of 3 years with effect from 1st April 2009 in terms of the resolution passed at the Annual General Meeting of the Company held on 22nd September 2009 on the terms and conditions and remuneration as set out in the said resolution

The remuneration payable to Shri Sohan Lal Yadav was determined with reference to the limits laid down under sub-paragraph (A) of Section II of Part II of Schedule XIII of the Companies Act, 1956. Having regard to the effective capital of the Company, the remuneration of Shri Sohan Lal Yadav can not be increased under the above said sub-paragraph.

In order to ensure that Shri Sohan Lal Yadav, Wholetime Director of the Company is adequately rewarded for his efforts, the Remuneration Committee of the Company as well as Board of Directors of the Company have decided to re-fix his remuneration within the limits laid down under sub-paragraph (B) of Section II of Part II of Schedule XIII of the Companies Act, 1956. Payment of remuneration, as above, requires approval of the members by a special resolution.

The resolution set out in Item No. 7 of the Notice convening the meeting has to be considered accordingly and the Board recommends the same

A notice under Section 302 of the Companies Act, 1956 as to the abstract of revision of Whole-time Director's remuneration is being sent to all the shareholders of the Company.

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

Registered Office :  
9, Parsee Church Street  
Kolkata - 700 001  
27<sup>th</sup> May, 2010

By Order of the Board

B.L. MUNDHRA  
Chief Financial Officer &  
Company Secretary

**Notice (Contd.)**

Statement, pursuant to the provisions of sub-para (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 with respect to item Nos. 6 & 7 of the Notice

**I. General Information**

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

4) Financial performance based on given indicators. (Rs. in Lacs)

Financial Parameters	2009-10	2008-09	2007-08
Gross Sales	12267.47	10582.74	9362.76
Profit/ (Loss) Before Tax	228.87	(317.25)	64.18
Profit/ (Loss) After Tax	154.48	(223.44)	28.62
Net Worth (as on last day of the year)	2999.47	2847.12	2901.42

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

**II Information about the appointees**

**Sudeep Chitlangia**

**Sohan Lal Yadav**

- 1) Background details      Shri Sudeep Chitlangia aged about 44 years is a Commerce Graduate. He is associated with the Company since last 22 years and spearheading the growth plans of the Company.      Shri Sohan Lal Yadav aged about 62 years has over 45 years experience in production and technology of plywood and tea industries and works management.
- 2) Past remuneration (2009-10)      Rs.17.81 Lacs.      Rs.18.25 Lacs.
- 3) Recognition or awards.      Shri Sudeep Chitlangia is a Committee Member in the Merchants' Chamber of Commerce.      Nil.
- 4) Job profile and his suitability      Overall responsibility for managing the affairs of the Company subject to the superintendence, control and directions of the Board of Directors.      Overall responsibility for production and works management. Taking into consideration his long association with the Company and rich experience, he is best suited for the position of Wholetime Director.  
Shri Sudeep Chitlangia is one of the key managerial personnel of



the Company since 1990 and has been the key force in bringing the Company back on growth track. Having regard to his relevant experience, he is best suited for the position of Managing Director.

- |   |   |   |
|---|---|---|
| 5) Remuneration proposed.   | As set out in the Notice to the Members.  | As set out in the Notice to the Members.  |
| 6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.    | Taking into consideration the size of the Company, the profile of Shri Sudeep Chitlangia, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other Companies. | Taking into consideration the size of the Company, the profile of Shri Sohan Lal Yadav, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other Companies. |
| 7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any. | Other than remuneration paid/payable, Shri Sudeep Chitlangia, Managing Director has no pecuniary relationship directly or indirectly with the Company.  | Other than remuneration paid/payable, Shri Sohan Lal Yadav, Wholetime Director has no pecuniary relationship directly or indirectly with the Company.   |

**III Other Information**

- |   |  |
|---|--|
| 1) Reasons of loss or inadequate profits.                             | The Company has been continuously earning profit except for the year ended 31 <sup>st</sup> March 2009 when the Company incurred losses mainly due to substantial adverse variation in Foreign Exchange rate and global recession which adversely affected the growth in the Indian economy particularly real estate and infrastructure sectors. |
| 2) Steps taken or proposed to be taken for improvement                | The Company has taken several initiatives for improving the profitability of the Company such as setting up of a new plywood factory at Assam, introduction of innovative and value added products, increase in brand visibility, increased use of technology, opening of sales offices in unrepresented areas etc.                              |
| 3) Expected increase in productivity and profits in measurable terms. | It is expected that the production as well as profitability of the Company will improve substantially consequent to commencement of production at the new unit at Assam.   |

**IV Disclosures**

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



## Directors' Report to the Members

Your Directors have pleasure in submitting their 53<sup>rd</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2010.

<b>FINANCIAL RESULTS</b>	<b>(Rs. in lacs)</b>	
	<b>Year ended on 31.03.2010</b>	<b>Year ended on 31.03.2009</b>
Gross Profit/(Loss)	<b>344.62</b>	(193.01)
Less: Depreciation	<u>115.75</u>	<u>124.24</u>
Profit/(Loss) before Taxation	<b>228.87</b>	(317.25)
Less: Provision for Current Tax	<b>40.60</b>	-
Less: Provision for Fringe Benefit Tax	-	17.90
Less: Provision for deferred tax	<b>68.32</b>	(106.90)
Add: MAT Credit Entitlement	<b>33.20</b>	-
Add: Excess Provision for Taxation for earlier years written back	<u>1.33</u>	<u>4.80</u>
Net Profit/(Loss)	<b>154.48</b>	(223.45)
Balance brought forward from previous year	<b>473.40</b>	696.85
Balance carried forward	<u><b>627.88</b></u>	<u>473.40</u>

### OPERATIONS

During the year under review, the general economic scenario has improved as compared to the previous financial year. Your Company has been able to take advantage of the changed circumstances and thereby the performance of both the Divisions of the Company i.e. Plywood and Tea, has substantially improved as compared to the preceding financial year. During the year under review the Company has achieved a gross turnover of Rs.12267.47 Lacs as against Rs.10582.74 lacs in the preceding year, an increase of 15.92% and has earned a net profit of Rs.154.48 lacs as against a net loss of Rs.223.45 lacs during the preceding year.

### DIVIDEND

In view of increased requirement of funds for expanded business activities, your Directors have not recommended any dividend for the year ended 31<sup>st</sup> March 2010.

### EXPANSION

The Company has commenced commercial production from 1<sup>st</sup> April 2010 at the newly set up plywood manufacturing unit at Jeypore, Assam.

### DIRECTORS

Dr. Samares Kumar Chanda and Dr. Kali Kumar Chaudhuri retire by rotation, and being eligible, offer themselves for re-appointment.

### ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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

### EMPLOYEES

A statement showing particulars of the employees required under Section 217(2A) of the Companies Act, 1956 is given in the Annexure-II forming part of this Report.

### CORPORATE GOVERNANCE

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

### STOCK EXCHANGE LISTING

The Equity Shares of the Company are listed at the Bombay Stock Exchange Limited. The Company confirms payment of listing fee to the Bombay Stock Exchange Limited for the year 2010-2011.



**AUDITORS**

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) That in the preparation of the accounts for the year ended 31<sup>st</sup> March 2010, the applicable accounting standards have been followed;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the year ended 31<sup>st</sup> March 2010 on a 'going concern' basis.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the valuable support and co-operation extended by the Financial Institutions, Banks, Business Associates, Shareholders and various Government/Semi-Government authorities. Your Directors also place on record their appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board

Registered Office:  
9, Parsee Church Street,  
Kolkata - 700001  
Dated : 27<sup>th</sup> May, 2010

SAMARES KUMAR CHANDA  
Chairman

**ANNEXURE - I TO DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.**

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

**(A) CONSERVATION OF ENERGY**

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

**(B) TECHNOLOGY ABSORPTION**

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

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

- (d) **Efforts:** The Company has not exported any of its products during the year.
- (e) **Earnings and Outgo :** (Rs. in Lacs)
  - (i) Foreign exchange earnings NIL
  - (ii) Foreign exchange outgo (imports and other expenditure in foreign currency) 1955.18

## Directors' Report (Contd.)

## FORM - A

(See rule 2)

(For Bought Leaf Tea Processing Factory)

## Disclosure of particulars with respect to conservation of energy

	<u>2009-2010</u>	<u>2008-2009</u>
--	------------------	------------------

**A. POWER AND FUEL CONSUMPTION**

## 1. Electricity

## (a) Purchased

Unit	Kwh	445340	484940
Total amount	Rs.	3711375	4203563
Rate/unit	Rs./Kwh	8.33	8.67

## (b) Own generation

## (i) Through diesel generator

Unit	Kwh	NIL	12900
Unit per litre of diesel oil	Kwh/ltr.	NIL	3.06
Cost/unit	Rs./Kwh	NIL	11.30

## (ii) Through gas generator

Unit	Kwh	1591001	1254080
Unit per SCUM of natural gas	Kwh/SCUM	2.44	2.13
Cost/unit	Rs./Kwh	3.61	4.90

## 2. Coal

	NIL	NIL
--	-----	-----

## 3. Furnace Oil

	NIL	NIL
--	-----	-----

## 4. Natural Gas

Quantity	SCUM	1339244	1088049
Total cost	Rs.	9127997	7897095
Rate	Rs./SCUM	6.82	7.26

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Electricity	Kwh/Kg.	0.77	0.74
Coal		NIL	NIL
Furnace Oil		NIL	NIL
Natural Gas	SCUM/Kg.	0.51	0.46

## FORM - B

(See rule 2)

## Disclosure of particulars with respect to technology absorption

**I. Research and Development**

1. **Specific Areas** : The R&D activities of the Company are aimed at improvement in capacity utilization, product upgradation and cost control.
2. **Benefits derived** : Improvement in capacity utilization.
3. **Future plan of action** : Efforts would continue to achieve better input output ratio.
4. **Expenditure on R & D** : It has not been accounted for separately.

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

1. **Efforts made** : The process technology has been upgraded, wherever required.
2. **Benefits** : Efficient plant operation resulting into higher capacity utilization.



3. Particulars of technology imported during the last five years : Nil

For and on behalf of the Board

Registered Office:  
9, Parsee Church Street,  
Kolkata - 700001  
Dated : 27<sup>th</sup> May, 2010

SAMARES KUMAR CHANDA  
Chairman

**ANNEXURE – II TO DIRECTORS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010.**

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Name	Shri Sandeep Kapur
Designation	Chief Marketing Officer
Qualification	MBA (Marketing)
Experience	20 years
Nature of employment	Permanent
Nature of Duties	Marketing and Sales
Age	46 Years
Date of commencement of employment	5 <sup>th</sup> November 2007
Gross Remuneration	Rs.24,62,103/-
Last employment	Bhartia Industries Limited
Other terms and conditions	Service can be terminated on three months' notice on either side or salary in lieu thereof.
Percentage of equity shares held by the employee	NIL

NOTE :

Remuneration includes salary, allowances, medical expenses, Leave Travel Concession and Company's contribution to Provident Fund.

The employee mentioned above is not a relative of any Director of the Company.

For and on behalf of the Board

Registered Office:  
9, Parsee Church Street,  
Kolkata - 700001  
Dated : 27<sup>th</sup> May, 2010

SAMARES KUMAR CHANDA  
Chairman

## Management Discussion and Analysis Report

### Overview

Sarda Plywood Industries Limited is one of the key players in the plywood industry and its DURO range of products are well known for its superior quality and commands premium in the market. The Company also owns a bought leaf tea processing factory and the tea produced by it is well accepted in the market.

### Plywood

The global recession and/or slow down has adversely affected the Indian manufacturing sector also. Signs of recovery are clearly visible and it is expected that growth in the housing and infrastructure sector will gain momentum in the days ahead. Consequently, the demand for plywood and allied products is also expected to grow rapidly. The Company has already set up a new plywood factory in Assam and is well poised to seize the available opportunities in the plywood market. There is no significant threat to the industry and/or Company from any product and/or sector.

During the year 2009-10, segment revenue increased from Rs.7771.48 lacs to Rs.8918.53 lacs i.e. a growth of 14.76%. The Company has earned segment profit before tax and interest of Rs.327.03 lacs as against segment loss before tax and interest of Rs.86.63 lacs in the preceding financial year.

With the increase in the purchasing power of people, preference for branded product is also increasing and outlook for the organized sector in the plywood industry remains positive.

Since the major portion of the raw materials is imported by the Company, volatile foreign exchange rate is a matter of concern and all possible efforts are taken to minimize the risk.

### Tea

Tea Industry is doing much better as compared to previous year with revival of demand for CTC tea and increased sales realization leading to higher operating margins.

During the year under review Company has been able to produce 26.34 lacs Kgs of CTC tea as against 23.46 lacs Kgs of CTC tea in the preceding financial year. Segment revenue during the year was Rs.2638.55 lacs as against Rs.2287.02 lacs in the preceding financial year representing a growth of 15.37%. Segment profit before tax and interest increased from Rs.5.39 lacs to Rs.199.66 lacs. Outlook for the tea industry is expected to remain positive in the days ahead.

Tea industry is directly dependent on weather conditions. Although demand for Tea has increased, there is no improvement in raw material availability. Lower availability and high cost of raw materials is a matter of concern.

### Internal control systems and their adequacy

The Company has effective internal control systems for all its business segments and adequacy of the same is periodically reviewed and suitable steps are taken for upgradation thereof as and when required. Efforts are being taken to increase the utilization of IT systems and thereby increasing the effectiveness of the existing internal controls.

### Financial Performance

During the year under review, the gross turnover of the Company has increased from Rs.10582.74 lacs to Rs.12267.47 lacs registering a growth of 15.92%. The Company has earned a net profit of Rs.154.48 lacs as against a net loss of Rs. 223.44 lacs in the preceding year.

### Human Resources

The Company continued to maintain harmonious relationship with all its employees. Continued efforts are taken to upgrade the knowledge and skill of the employees and thereby increase their productivity. The Company attaches utmost importance to all round development and growth of all its employees. The performance of the employees is evaluated through a transparent appraisal system. The total manpower strength as on 31<sup>st</sup> March 2010 was 548.

### CAUTIONARY STATEMENT

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



**Report on Corporate Governance**

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

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

**2. BOARD OF DIRECTORS**

**a) Composition of the Board**

The Board consists of eight Directors comprising

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

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

**b) Board Meetings held during the year ended 31<sup>st</sup> March 2010**

During the year under review five Board Meetings were held on 26<sup>th</sup> May 2009, 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 30<sup>th</sup> October 2009 and 27<sup>th</sup> January 2010.

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

Name of Director	Category of Directorship	Number of Board Meetings		Attendance at last AGM
		Held	Attended	
Dr. Samares Kumar Chanda	Non-Executive Chairman (Independent)	5	5	Yes
Dr. Kali Kumar Chaudhuri	Non-Executive & Independent	5	4	Yes
Shri Sujit Chakravorti	Non-Executive & Independent	5	5	Yes
Shri Sudeep Chitlangia	Managing Director	5	5	Yes
Shri Ratan Lal Gaggar	Non-Executive & Independent	5	4	Yes
Shri Kirti Kumar Maheshwari	Non-Executive & Independent	5	1	No
Shri Naresh Pachisia	Non-Executive & Independent	5	5	No
Shri Sohan Lal Yadav	Wholtime Director	5	3	No

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

Name of Director	No. of Directorship(s) in other public Limited Companies	No. of Membership(s) in other Board Committees	No. of Chairmanship(s) in other Board Committees
Dr. Samares Kumar Chanda	None	None	None
Dr. Kali Kumar Chaudhuri	One	One	None
Shri Sujit Chakravorti	Four	Five	Two
Shri Sudeep Chitlangia	Three	None	None
Shri Ratan Lal Gaggar	Thirteen	Eight	None
Shri Kirti Kumar Maheshwari	None	None	None
Shri Naresh Pachisia	Six	Eight	Three
Shri Sohan Lal Yadav	None	None	None

**3. AUDIT COMMITTEE**

**Composition**

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

**Meetings and Attendance during the year ended 31<sup>st</sup> March 2010**

During the year under review, five Audit Committee Meetings were held on 26<sup>th</sup> May 2009, 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 29<sup>th</sup> October 2009 and 27<sup>th</sup> January 2010 and the same were attended by all the Members of the Committee.

**Terms of Reference**

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

## Report on Corporate Governance (Contd.)

### 4. REMUNERATION COMMITTEE

#### Composition

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

#### Meetings and Attendance during the year ended 31<sup>st</sup> March 2010

During the year under review, one Remuneration Committee Meeting was held on 22<sup>nd</sup> April 2009 and the same was attended by all the Members of the Committee.

#### Terms of Reference :

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

#### Details of remuneration to Directors

Name	Salary & Perks (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Dr. Samares Kumar Chanda	-	43500	43500
Dr. Kali Kumar Chaudhuri	-	30000	30000
Shri Sujit Chakravorti	-	72500	72500
Shri Sudeep Chitlangia	1780613	-	1780613
Shri Ratan Lal Gaggar	-	66000	66000
Shri Kirti Kumar Maheshwari	-	7500	7500
Shri Sohan Lal Yadav	1824883	-	1824883
Shri Naresh Pachisia	-	67500	67500

#### Note :

- Appointment of Shri Sudeep Chitlangia is for the period 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2011.
  - Appointment of Shri Sohan Lal Yadav is for the period 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2012.
- The Company does not have any scheme for grant of stock options to its Directors or employees.
- The Company does not pay any commission or performance linked incentives to any of its Directors.

#### Shareholding of Non-Executive Directors

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

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

#### Composition

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

#### Meetings and Attendance during the year ended 31<sup>st</sup> March 2010

During the year under review, one Shareholders'/Investors' Grievance Committee Meeting was held on 24<sup>th</sup> December 2009 and the same was attended by all the Members of the Committee.

#### Compliance Officer

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

#### Shareholders' Complaints

During the year ended 31<sup>st</sup> March 2010, the Company received 4 complaints and all complaints were replied/resolved to the satisfaction of the shareholders. No complaints were pending at the beginning and at the closing of the year except those under litigation, disputes or court orders.



**6. GENERAL BODY MEETINGS**

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

Financial Year	Location	Date	Time
2006-2007	The Far Pavilion, Tollygunge Club Limited, 120, Deshapran Sasmal Road, Kolkata – 700 033	26.09.2007	11.00 A.M.
2007-2008	-do-	26.09.2008	11.00 A.M.
2008-2009	-do-	22.09.2009	11.00 A.M.

**Notes :**

- i) No special resolutions were passed in the above Annual General Meetings.
- ii) No special resolution was passed through postal ballot during the year 2009-10.
- (iii) No special resolution is proposed to be put through postal ballot in the ensuing Annual General Meeting

**7. DISCLOSURES**

- a) The Company has entered into a few transactions with the related parties, the details whereof have been given in notes to the accounts and which have been reviewed by the Audit Committee of the Company. However, these are not prejudicial to the interest of the Company.
- b) There were no instances of non-compliance nor have any penalties or strictures been imposed by any Stock Exchange or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.
- c) The Company has not adopted any whistle blower policy. No personnel were denied access to the Audit Committee.
- d) Management Discussion & Analysis, which has been reviewed by the Audit Committee of the Company, is a part of the Annual Report.
- e) The Board has adopted a code of conduct for Directors and Senior Management of the Company and the same has been posted on the Company's website. The declaration signed by the Managing Director to the effect that all Board members and Senior Management personnel have affirmed compliance with the code forms part of the Annual Report.
- f) The Managing Director and the Chief Financial Officer have submitted a certificate to the Board of Directors of the Company in connection with the matters specified in Sub-clause V of Clause 49 of the Listing Agreement.
- g) The Company has fulfilled the following non mandatory requirements as prescribed in Annexure ID of Clause 49 of the Listing Agreement :
  - i) The Company has set up a Remuneration Committee; details whereof have been given in para 4 of this report.
  - ii) Financial statements of the Company are unqualified.

**8. MEANS OF COMMUNICATION**

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

**9. GENERAL SHAREHOLDER INFORMATION**

- I. Annual General Meeting
  - Date and Time : 29<sup>th</sup> September 2010 at 11.00 A.M.
  - Venue : The Far Pavilion, Tollygunge Club Limited  
120, Deshapran Sasmal Road, Kolkata - 700033
- II. Financial Calendar for the year 2010-2011
  - Results for the first quarter - Second week of August
  - Results for the second quarter - Second week of November
  - Results for the third quarter - Second week of February
  - Annual Audited Results - Last week of May
- III. Book Closure Date : 16<sup>th</sup> September 2010 to 29<sup>th</sup> September 2010 (both days inclusive).



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

- IV. Dividend Payment Date : Not Applicable
- V. Listing on Stock Exchanges : Bombay Stock Exchange Ltd.
- VI. Scrip Code : 516003
- VII. Market Price Data

Month	BSE		SENSEX	
	High	Low	High	Low
April 2009	20.35	15.40	11492.10	9546.29
May 2009	25.80	17.00	14930.54	11621.30
June 2009	26.95	21.85	15600.30	14016.95
July 2009	26.70	19.35	15732.81	13219.99
August 2009	26.00	21.15	16002.46	14684.45
September 2009	26.00	21.70	17142.52	15356.72
October 2009	26.85	21.50	17493.17	15805.20
November 2009	28.00	21.60	17290.48	15330.56
December 2009	33.00	24.60	17530.94	16577.78
January 2010	45.30	27.50	17790.33	15982.08
February 2010	35.45	28.00	16669.25	15651.99
March 2010	33.70	26.55	17793.01	16438.45

VIII. Share Transfer System

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

IX. Distribution of Shareholding as on 31<sup>st</sup> March 2010

No. of shares of Rs 10 each	No. of shareholders	% of Shareholders	No. of shares held	Shareholding %
1-500	6761	95.6429	907813	22.2346
501-1000	175	2.4756	136408	3.3409
1001-5000	96	1.3580	195467	4.7875
5001-10000	11	0.1556	84164	2.0613
10001-100000	20	0.2829	811132	19.8666
100001 & above	6	0.0850	1947901	47.7091
TOTAL	7069	100.0000	4082885	100.0000

X. Categories of Shareholding as on 31<sup>st</sup> March 2010

Categories of Shareholders	No. of shares held	Percentage
Indian Promoters	1696119	41.55
Banks and Mutual Funds	11200	0.27
Bodies Corporate	516015	12.63
Individuals (inclusive of NRI)	1859551	45.54
Total	4082885	100.00

- XI. Dematerialisation of shares and liquidity : The Company's shares are available for dematerialisation with NSDL and CDSL. The ISIN allotted to the Company's Equity Shares is INE932D01010. As on 31<sup>st</sup> March 2010, 37.04% of the Share Capital has been dematerialised.
- XII. Outstanding GDR/ADR/Warrants/ : Not Applicable



Report on Corporate Governance (Contd.)

- XIII. Plant locations : 1. Tea Unit  
P.O. Jeypore - 786614  
Dist. Dibrugarh, Assam
2. Plywood Unit  
(a) P.O. Jeypore - 786614  
Dist. Dibrugarh, Assam  
(b) Rajkot Gondal Highway  
Shapar - 360002, Veraval  
Dist. Rajkot, Gujarat  
(Under License Agreement)
- XIV. Address for Correspondence : Maheshwari Datamatics Pvt. Ltd.  
6 Mangoe Lane, Kolkata - 700001  
Phone : (033) 2243 5029/2243 5809  
Fax : (033) 2248 4787  
E-mail : mdpl@cal.vsnl.net.in
- XV. E-mail id for investor grievances : investors@sardaplywood.com

For and on behalf of the Board

Registered Office:  
9, Parsee Church Street,  
Kolkata - 700001  
Dated : 27<sup>th</sup> May, 2010

SAMARES KUMAR CHANDA  
Chairman

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

We have examined the compliance of conditions of Corporate Governance by Sarda Plywood Industries Limited for the year ended 31<sup>st</sup> March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no investors grievances remaining unattended/pending for more than 30 days as at 31<sup>st</sup> March, 2010 except those under litigation, disputes or court orders.

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

For G.P. AGRAWAL & CO.  
Chartered Accountants

7A, Kiran Shankar Ray Road  
Kolkata - 700 001  
The 27<sup>th</sup> May 2010

CA. SUNITA KEDIA  
Membership No. 60162  
Partner  
F. R. No. 302082E

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

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

I confirm that the Company has received from the Senior Management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct, as applicable to them, during the financial year ended 31<sup>st</sup> March 2010.

Kolkata  
27<sup>th</sup> May 2010

[Sudeep Chitlangia]  
Managing Director

## Auditors' Report to the Members

1. We have audited the attached Balance Sheet of SARDA PLYWOOD INDUSTRIES LIMITED as at 31<sup>st</sup> March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date (in which are incorporated the accounts of Company's branch at Delhi audited by other Auditors), annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditors Report have been forwarded to us and have been appropriately dealt with in this report.
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010.
    - b) in the case of the Profit & Loss Account, of the PROFIT for the year ended on that date, and
    - c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For G.P. AGRAWAL & CO.  
Chartered Accountants

(CA. SUNITA KEDIA)  
Membership No. 60162  
Partner  
F. R. No. 302082E

7A, Kiran Shankar Ray Road  
Kolkata - 700 001  
The 27<sup>th</sup> May 2010

### ANNEXURE TO THE AUDITORS' REPORT

Referred to in Auditors' Report of even date to the Members of SARDA PLYWOOD INDUSTRIES LIMITED on the Accounts for the year ended 31<sup>st</sup> March 2010.

- (i)
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b) The fixed assets have been physically verified by the Management during the year. To the best of our knowledge, no material discrepancies were noticed on such verification.
  - c) The Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.



- (ii) a) The inventories (excluding stocks with third parties) have been physically verified during the year by the Management at reasonable intervals. In respect of inventories lying with third parties confirmation has been obtained from some of the parties.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in register maintained under section 301 of the Act, clauses (iii)(b) to (iii)(d) of paragraph 4 of the said order are not applicable to the Company.
- c) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- d) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act, clauses (iii)(f) to (iii)(g) of paragraph 4 of the said order are not applicable to the Company.
- (iv) On the basis of information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanation given to us, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.
- (v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section 301.
- b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit within the meaning of section 58A, 58AA or any other relevant provisions of the Act and the Rules framed thereunder.
- (vii) In our opinion, the internal audit system of the company is commensurate with the size of Company and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company in respect of products where pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.
- (ix) a) According to the records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date of becoming payable.

## Auditors' Report (Contd.)

- b) The disputed statutory dues aggregating to Rs. 243.85 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl No	Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relate	Forum where the dispute is pending
1.	Delhi Sales Tax Act, 1975	Sales Tax	77,86,548	1990-91	Addl. Commissioner of Sales Tax
2.	Central Sales Tax Act, 1956	Sales Tax	47,51,800	1990-91	Addl. Commissioner of Sales Tax
3.	West Bengal Sales Tax Act, 1994	Sales Tax	41,063	2000-01	Appellate & Revisional Board
4.	Value Added Tax Act, 2003	Sales Tax	1,16,47,430	2005-06	Dy. Commissioner of Sales Tax
5.	Central Sales Tax Act, 1956	Sales Tax	70,769	2005-06	Dy. Commissioner of Sales Tax
6.	Income Tax Act, 1961	Income Tax	87,429	1985-86	Income Tax Appellate Tribunal

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

For G.P. AGRAWAL & CO.  
Chartered Accountants

CA. SUNITA KEDIA  
Membership No. 60162  
Partner  
F. R. No. 302082E

7A, Kiran Shankar Ray Road  
Kolkata - 700 001  
The 27<sup>th</sup> May 2010

**BALANCE SHEET as at 31st March, 2010**

	Schedules	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	40,856,975	40,856,975
(b) Reserves & Surplus	2	259,090,523	243,854,545
<b>(2) Loan Funds</b>			
(a) Secured Loans	3	224,824,188	180,803,915
(b) Unsecured Loans	4	2,268,810	1,984,470
<b>(3) Deferred Tax Liability (Net)</b>			
(Refer note no. B 12 of Schedule 20)		12,495,911	5,664,051
<b>TOTAL</b>		<b>539,536,407</b>	<b>473,163,956</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
(a) Gross Block	5	252,219,884	248,260,275
(b) Less: Depreciation		168,111,245	158,696,131
(c) Net Block		84,108,639	89,564,144
(d) Capital Work in Progress		71,006,365	2,851,921
<b>(2) Investments</b>			
(3) Current Assets, Loans & Advances	6	105,641,539	105,626,594
(a) Inventories	7	302,712,949	223,583,197
(b) Sundry Debtors	8	169,766,905	145,241,499
(c) Cash & Bank Balances	9	19,866,641	17,135,522
(d) Loans & Advances	10	59,891,541	97,080,048
		552,238,036	483,040,266
<b>Less: Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	11	270,457,212	205,233,227
(b) Provisions		3,000,960	2,685,742
		273,458,172	207,918,969
<b>Net Current Assets</b>		<b>278,779,864</b>	<b>275,121,297</b>
<b>TOTAL</b>		<b>539,536,407</b>	<b>473,163,956</b>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 20

Schedules 1 to 11 &amp; 20 referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date.

For G.P. AGRAWAL & CO.  
Chartered AccountantsCA. SUNITA KEDIA  
(Membership No. 60162)  
Partner  
F.R.No. 302082E  
Kolkata : 27th May, 2010B.L.MUNDHRA  
Chief Financial Officer &  
Company Secretary

On behalf of the Board

SUJIT CHAKRAVORTI  
DirectorSUDEEP CHITLANGIA  
Managing Director

**PROFIT & LOSS ACCOUNT for the year ended 31st March, 2010**

		2009-10	2008-09
	Schedules	Rs.	Rs.
<b>I. INCOME</b>			
Gross Sales	12	1,226,747,320	1,058,273,977
Less : Excise Duty		59,711,231	45,403,840
Net Sales		<u>1,167,036,089</u>	<u>1,012,870,137</u>
Other Income	13	26,002,611	9,881,944
Increase/(Decrease) in Stock	14	49,493,309	(17,895,719)
		<u>1,242,532,009</u>	<u>1,004,856,362</u>
<b>II. EXPENDITURE</b>			
Purchases of Trading Goods		106,025,796	75,813,293
Raw Materials Consumed	15	756,646,715	590,227,599
Manufacturing Expenses	16	120,681,634	118,930,378
Payments to & Provisions for Employees	17	61,909,345	57,435,912
Administrative, Selling, Distribution & Other Expenses	18	140,283,497	156,228,282
Interest	19	22,522,772	25,522,161
Depreciation		11,575,409	12,423,523
		<u>1,219,645,168</u>	<u>1,036,581,148</u>
<b>III. PROFIT / (LOSS) BEFORE TAXATION</b>		22,886,841	(31,724,786)
Less : Provision for Tax			
Current Tax		4,060,000	-
Fringe Benefit Tax		-	1,790,000
Deferred Tax		6,831,860	(10,689,651)
Add : MAT Credit Entitlement		3,320,028	-
Add : Excess Provision for taxation for earlier Years written back		<u>132,813</u>	<u>480,709</u>
<b>IV. PROFIT / (LOSS) AFTER TAXATION</b>		15,447,822	(22,344,426)
Balance brought forward from previous year		<u>47,340,248</u>	<u>69,684,674</u>
<b>V. BALANCE CARRIED TO BALANCE SHEET</b>		<u>62,788,070</u>	<u>47,340,248</u>
Earnings per Share of Rs. 10 each (See note no.B 11 in Schedule 20)			
Basic		3.78	(5.99)
Diluted		3.78	(5.27)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 20**

Schedules 12 to 20 referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

On behalf of the Board

For G.P. AGRAWAL & CO.  
Chartered Accountants

SUJIT CHAKRAVORTI  
Director

CA. SUNITA KEDIA  
(Membership No. 60162)  
Partner  
F.R.No. 302082E  
Kolkata : 27th May, 2010

B.L.MUNDHRA  
Chief Financial Officer &  
Company Secretary

SUDEEP CHITLANGIA  
Managing Director



**Schedules annexed to the Accounts**

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
Authorised		
2,50,00,000 (Previous year 2,50,00,000) Equity Shares of Rs.10/- each	<u>250,000,000</u>	<u>250,000,000</u>
Issued		
42,62,810 (Previous year 42,62,810) Equity Shares of Rs.10/- each	<u>42,628,100</u>	<u>42,628,100</u>
<b>Subscribed &amp; Paid up</b>		
40,82,885 (Previous year 40,82,885) Equity Shares of Rs.10/- each fully called up (Of the above shares 10,91,900 Equity Shares were allotted as fully paid-up by way of Bonus Shares by capitalisation of General Reserve) Add :Forfeited shares (Amount originally paid up)	<u>40,828,850</u>  <u>28,125</u> <u>40,856,975</u>	<u>40,828,850</u>  <u>28,125</u> <u>40,856,975</u>
<b>Schedule 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve (On revaluation of Fixed Assets)		
As per last Account	3,995,774	4,207,618
Less : Depreciation	<u>211,844</u>	<u>211,844</u>
	3,783,930	3,995,774
Capital Subsidies (As per last Account)	9,142,491	9,142,491
Security Premium Account (As per last Account)	58,890,400	46,909,200
Add: Received during the year	<u>-</u>	<u>11,981,200</u>
	58,890,400	58,890,400
General Reserve (As per last Account)	124,485,632	123,741,032
Add: Convertible Warrants Forfeited	<u>-</u>	<u>744,600</u>
	124,485,632	124,485,632
Profit & Loss Account (As per annexed Account)	<u>62,788,070</u>	<u>47,340,248</u>
	<u>259,090,523</u>	<u>243,854,545</u>
<b>Schedule 3</b>		
<b>SECURED LOANS</b>		
<b>Term Loans</b>		
From Scheduled Banks	2,000,000	16,300,000
From Others	47,562,959	-
<b>Buyers Credit</b>		
From Scheduled Banks	86,858,044	-
<b>Working Capital Loan</b>		
From Scheduled Banks	<u>88,403,185</u>	<u>164,503,915</u>
	<u>224,824,188</u>	<u>180,803,915</u>



## Schedules annexed to the Accounts (Contd.)

### Notes :

#### 1. Nature of Security :

- (a) Term loan from Scheduled Bank is secured by exclusive charge over specified machinery.
- (b) Term loan from Others is secured by first charge on the Company's immovable properties situated at Jaypore (Assam) by deposit of title deeds and also by hypothecation of all plant and machinery and other fixed assets of the company, both present & future, and is additionally secured by personal guarantee of the Managing Director.
- (c) Working capital loans & Buyers Credit are secured by hypothecation of present & future stock and book debts and second charge on the Company's immovable and movable properties situated at Jeypore (Assam) and personal guarantees of Managing Director.
- (d) Details of aggregate amount of loans outstanding which are guaranteed by the Managing Director.  
Loans from Banks-Rs. 175261229/- (Previous year Rs. 164503915)  
Loans from Others-Rs. 47562959/- (Previous year Rs. Nil)

#### 2. Terms of Repayment

- (a) Out of Term Loan from Scheduled Bank Rs. 20,00,000 (Previous year Rs. 1,43,00,000) falls due for repayment within one year.
- (b) Out of Term Loan from others Rs. 42,00,000 (Previous year Rs. Nil) falls due for repayment within one year.

<b>As at</b>	<b>As at</b>
<b>31.03.2010</b>	<b>31.03.2009</b>
<b>Rs.</b>	<b>Rs.</b>

#### Schedule 4

#### UNSECURED LOANS

##### Other Loans

From Bank	21,09,571	16,12,002
From Others	1,59,239	3,72,468
	<b>22,68,810</b>	<b>19,84,470</b>

#### Schedule - 5

#### FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 31.03.2009	For the Year	Sales/ Adjustment	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
<b>TANGIBLE ASSETS</b>										
Freehold Land	3,165,248	-	-	3,165,248	-	-	-	-	3,165,248	3,165,248
Buildings	62,364,495	393,720		62,758,215	23,309,631	1,700,396		25,010,027	37,748,188	39,054,864
Plant & Machinery	135,407,851	323,117	1,127,476	134,603,492	103,108,425	7,592,294	848,948	109,851,771	24,751,721	32,299,426
Motor Vehicles	17,753,560	2,170,098	1,927,229	17,996,429	10,619,123	1,115,218	1,420,978	10,313,363	7,683,066	7,134,437
Furniture Fixture & Office Equipments	29,569,121	2,988,917	211,287	32,346,751	21,658,952	1,286,377	102,213	22,843,116	9,503,635	7,910,169
Sub-total	248,260,275	5,875,852	3,265,992	250,870,135	158,696,131	11,694,285	2,372,139	168,018,277	82,851,858	89,564,144
<b>INTANGIBLE ASSETS</b>										
Computer Software (Acquired)	-	1,349,749	-	1,349,749	-	92,968	-	92,968	1,256,781	-
Sub-total	-	1,349,749	-	1,349,749	-	92,968	-	92,968	1,256,781	-
Capital Work-in-Progress									71,006,365	2,851,921
<b>Total</b>	248,260,275	7,225,601	3,265,992	252,219,884	158,696,131	11,787,253	2,372,139	168,111,245	155,115,004	92,416,065
Previous Year	256,657,934	5,799,450	14,197,109	248,260,275	158,629,145	12,635,367	12,568,381	158,696,131	92,416,065	



**Schedules annexed to the Accounts (Contd.)**

Schedule 6	As at	As at
<b>INVESTMENTS (At Cost)</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
(Long term)	Rs.	Rs.
<b>In Equity Shares of Companies</b>		
(Fully Paid up of Rs.10/- each unless otherwise stated)		
No of Shares	Name of Companies	
<b>Quoted (Other than Trade):</b>		
200 (Previous year 200)	Assam Petro-Chemicals Ltd. <b>2,000</b>	2,000
98 (Previous year 49)	Reliance Industries Ltd. <b>32,842</b>	32,842
(Includes 49 Bonus Shares received during the year)		
1180 (Previous year 1180)	Radico Khaitan Ltd.of Rs 2/- each <b>7,080</b>	7,080
61 (Previous year 61)	Rampur Fertilizers Ltd. <b>1,830</b>	1,830
3500 (Previous year 3500)	SMIFS Capital Markets Ltd. <b>1,032,553</b>	1,032,553
1000 (Previous year 1000)	Simplex Infrastructures Ltd.of Rs 2/- each <b>20,052</b>	20,052
1000 (Previous year 1000)	United Credit Ltd. <b>9,032</b>	9,032
	<b>Aggregate value of quoted investments</b> <b>1,105,389</b>	<b>1,105,389</b>
<b>Unquoted :</b>		
<b>Trade</b>		
350000 (Previous year 350000)	P. S. Plywood Products Private Ltd. <b>80,508,750</b>	80,508,750
100 (Previous year 100)	Orissa Tea Plantations Ltd. <b>1,000</b>	1,000
300 (Previous year 300)	The Albion Plywood LTD <b>452</b>	452
<b>Other than Trade</b>		
100 (Previous year 100)	Pro Sports Management Ltd.of Rs.1000/-each <b>100,000</b>	100,000
2485000 (Previous year 2485000)	Pousali Sales Pvt. Ltd. <b>24,935,935</b>	24,935,935
200 (Previous year 200)	The Purbanchal Bank Limited of Rs.100/-each <b>12,000</b>	12,000
	(Rs.60/-called & paid up)	
	<b>Aggregate value of unquoted investments</b> <b>105,558,137</b>	<b>105,558,137</b>
	<b>106,663,526</b>	<b>106,663,526</b>
	Less: Provision for diminution in value of Investments <b>1,021,987</b>	<b>1,036,932</b>
	<b>105,641,539</b>	<b>105,626,594</b>

- Notes: 1) Aggregate Market Value of quoted investments : Rs. 8,64,830/- (Previous year Rs. 430,296/-)
- 2) Besides above, the Company holds following shares in relation to the shares already sold by it :
- |                                |                       |
|--------------------------------|-----------------------|
| a) JK Tyre & Industries Ltd.   | 33 (Previous year 33) |
| b) Rampur Fertilizers Ltd.     | 16 (Previous year 16) |
| c) Bengal & Assam Company Ltd. | 2 (Previous year 2)   |

**Schedule 7**

**INVENTORIES**

(At lower of cost and net realisable value)

Raw Materials (incl. in transit)	<b>106,871,708</b>	74,465,329
Stores & Spares and Chemicals	<b>11,353,827</b>	11,850,026
Stock-in-Process	<b>68,569,403</b>	32,781,212
Finished Goods	<b>77,674,698</b>	59,199,248
Finished Goods in transit	<b>2,805,677</b>	4,333,105
Trading Goods	<b>35,437,636</b>	38,605,221
Trading Goods in transit	-	2,349,056
	<b>302,712,949</b>	<b>223,583,197</b>

**Schedule 8**

**SUNDRY DEBTORS**

(Unsecured, considered good)

Exceeding six months	<b>8,411,037</b>	<b>17,198,965</b>
Other Debts	<b>161,355,868</b>	<b>128,042,534</b>
	<b>169,766,905</b>	<b>145,241,499</b>

## Schedules annexed to the Accounts (Contd.)

	As at 31.03.2010 Rs.		As at 31.03.2009 Rs.
<b>Schedule 9</b>			
<b>CASH &amp; BANK BALANCES</b>			
Cash on Hand (as certified)	771,634		864,818
Cheques on hand & Remittances in Transit	9,444,916		10,019,805
Balance With Scheduled Banks			
In Current Accounts	9,204,558		5,703,026
In Dividend Accounts	385,533		487,873
In Fixed Deposit (Pledged FDR for Rs.10,000/- with Government Authorities, Previous year Rs.10,000/- )	60,000		60,000
	<u>19,866,641</u>		<u>17,135,522</u>
<b>Schedule 10</b>			
<b>LOANS &amp; ADVANCES</b>			
<i>(Unsecured, considered good)</i>			
Loans	-		23,725,000
Advances recoverable in cash or in kind or for value to be received	41,241,635		53,241,771
Advance Income Tax including tax deducted at source	4,966,485	10,490,188	
Add : MAT credit carried forward	3,320,028	-	
Less: Provision for Taxation	5,850,000	6,780,000	3,710,188
Balance with Central Excise & Customs Authorities	4,954,504		3,974,908
Security and Other Deposits	11,258,889		12,428,181
	<u>59,891,541</u>		<u>97,080,048</u>
<b>Schedule 11</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>Current Liabilities</b>			
Acceptances	130,573,181		112,932,425
Sundry Creditors (refer note no. B 5 of Schedule 20)			
Dues to Micro, Small & Medium Enterprises	-		-
Dues to Others	92,903,584		55,874,975
Advances and deposits from customers	11,667,688		10,910,193
Investor Education and Protection Fund (Unclaimed Dividend not due for transfer)	385,533		487,873
Other Liabilities	34,560,877		25,027,761
Interest Accrued but not due on Loans	366,349		-
	<u>270,457,212</u>		<u>205,233,227</u>
<b>Provisions</b>			
Provision for Leave	3,000,960		2,685,742
	<u>3,000,960</u>		<u>2,685,742</u>
	<u>273,458,172</u>		<u>207,918,969</u>
<b>Schedule 12</b>			
<b>SALES</b>			
Finished Goods	1,076,887,987		907,152,834
Trading Goods	149,507,807		150,887,525
Others	351,526		233,618
	<u>1,226,747,320</u>		<u>1,058,273,977</u>
<b>Schedule 13</b>			
<b>OTHER INCOME</b>			
Interest(Gross)	2,521,671		5,590,600
Rent (Gross)	906,000		662,100
Dividends from Long Term Investments (other than trade)	3,283		38,316
Claims	725,183		1,395,566
Subsidies	2,105,399		-
Relinquishment of Tenancy Right	2,500,000		-
Miscellaneous Receipts	360,241		158,802
Profit on sale of Fixed Assets	-		1,303,193
Exchange Rate Fluctuation	16,343,648		-
Liabilities No Longer required written back	522,241		733,367
Provision for diminution in value of Investments written back	14,945		-
	<u>26,002,611</u>		<u>9,881,944</u>



**Schedules annexed to the Accounts (Contd.)**

	2009-10 Rs.	2008-09 Rs.
<b>Schedule 14</b>		
<b>INCREASE/(DECREASE) IN STOCK CLOSING STOCK</b>		
Finished Goods	80,480,375	63,532.353
Trading Goods	35,437,636	38,605.221
Stock-in-Process	68,569,403	32,781.212
	<u>184,487,414</u>	<u>134,918.786</u>
<b>OPENING STOCK</b>		
Finished Goods	63,532,353	59,743.395
Trading Goods	38,605,221	59,949.692
Stock-in-Process	32,781,212	33,092.499
	<u>134,918,786</u>	<u>152,785.586</u>
<b>INCREASE / (DECREASE) IN STOCKS</b>	49,568,628	(17,866.800)
Less: Excise Duty & Cess on Stocks (Refer Note No. B 3 of Schedule 20)	75,319	28,919
<b>NET INCREASE / (DECREASE) IN STOCKS</b>	<u>49,493,309</u>	<u>(17,895.719)</u>
<b>Schedule 15</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	58,100,796	82,070.620
Add : Purchases	764,798,907	822,899,703
Less : Closing Stock	66,252,988	566,257,775
	<u>756,646,715</u>	<u>648,328.395</u>
		<u>58,100.796</u>
		<u>590,227.599</u>
<b>Schedule 16</b>		
<b>MANUFACTURING EXPENSES</b>		
Chemical Consumption	37,286,484	40,927.358
Stores & Spare Parts	11,079,559	9,319.604
Power & Fuel	45,825,629	47,322.129
Building Repairs	4,544,953	1,925.423
Machinery Repairs	9,803,228	8,623.187
Other Repairs	3,835,730	2,819.331
Job Charges	8,306,051	7,993.346
	<u>120,681,634</u>	<u>118,930.378</u>
<b>Schedule 17</b>		
<b>PAYMENTS TO &amp; PROVISION FOR EMPLOYEES</b>		
Salary, Wages, Bonus and other Amenities	54,576,714	50,326.058
Contribution to Provident,Pension & Other Funds	5,930,079	6,010.198
Employees' Welfare Expenses	1,402,552	1,099.656
	<u>61,909,345</u>	<u>57,435.912</u>
<b>Schedule 18</b>		
<b>ADMINISTRATIVE, SELLING, DISTRIBUTION AND OTHER EXPENSES</b>		
Rent	6,668,453	5,218.717
Electricity	1,096,108	840.282
License Fee	27,000,000	27,000.000
Rates & Taxes	1,300,591	975.494
Watch and Ward Expenses	357,042	701.038
Insurance	2,377,522	2,493.023
Communication Expenses	3,613,310	3,616.950
Travelling & Conveyance	10,165,461	9,170.048
Vehicle Maintenance	5,139,963	5,122.379
Printing & Stationery	1,276,422	1,219.514
Legal and Professional Charges	6,381,908	6,397.908
Miscellaneous Expenses	1,905,762	1,672.043
Statutory Auditors' Remuneration	174,274	172.480

**Schedules annexed to the Accounts (Contd.)**

	2009-10	2008-09
	Rs.	Rs.
<b>Schedule 18 (Contd.)</b>		
Charity & Donations	121,100	57,933
Bank charges	2,043,065	1,632,172
Packing, Forwarding, Freight, Octroi and Delivery Expenses	38,478,058	37,797,054
Sales Tax	45,288	70,665
Commission on Sales	7,323,916	8,477,073
Brokerage on Sales	541,318	750,651
Advertisement, Publicity & Sales Promotion	22,587,238	18,106,593
Exchange Rate Fluctuation	-	24,425,205
Provision for diminution in value of investments	-	164,332
Loss on Sale / Discard of Fixed Assets	240,350	-
Bad Debts & Sundry Balances Written Off	908,593	10,005
Adjustment related to earlier years	537,755	136,723
	<u>140,283,497</u>	<u>156,228,282</u>
<b>Schedule 19</b>		
<b>INTEREST</b>		
On Fixed Loans	4,071,601	3,122,316
On Other Loans	18,451,171	22,399,845
	<u>22,522,772</u>	<u>25,522,161</u>

**Schedule 20**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

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

**Schedules annexed to the Accounts (Contd.)**
**Schedule 20 (Contd.)**

10. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
11. Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable. Contingent liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognised in the Accounts.

	As at <b>31.03.2010</b> Rs.	As at 31.03.2009 Rs.
<b>B. NOTES ON ACCOUNTS</b>		
1. Estimated amount of contract remaining to be executed on Capital Account and not provided for	<b>137,700</b>	25,106,109
2. Contingent Liabilities not provided for in respect of:		
a) Uncalled Capital against partly paid-up shares held as investment	<b>8,000</b>	8,000
b) Demand raised by Govt. authorities in respect of Taxes and Duties and contested by the Company .	<b>24,385,039</b>	24,459,239
3. The amount of Excise Duty & cess shown in schedule 14 represents differential excise duty on opening & closing stock of finished goods.		
4. Managerial Remuneration	<b>2009-10</b>	2008-09
a) Remuneration paid to Managing Director / Wholetime Director and debited to respective accounts	<b>Rs</b>	Rs.
Salary and other amenities	<b>2,880,060</b>	2,746,091
Contribution to Provident Fund, Superannuation Fund	<b>725,436</b>	691,740
	<b><u>3,605,496</u></b>	<b><u>3,437,831</u></b>
The Remuneration paid to the Managing Director & Wholetime Director is the minimum remuneration as per Schedule XIII to the Companies Act, 1956		
b) Directors' Sitting Fees (Included in Miscellaneous expenses)	<b>287,000</b>	303,500
5. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is Nil (Previous year Rs. Nil).		
6. Auditors' Remuneration includes -		
Audit Fee (includes Rs. 6,618 [Previous year Rs. 6,618] paid to branch auditors)	<b>116,918</b>	116,918
Tax Audit fee	<b>22,060</b>	22,060
Certification Fee	<b>35,296</b>	33,502
	<b><u>174,274</u></b>	<b><u>172,480</u></b>
7. Tax deducted at source in respect of -		
Rent received	<b>153,025</b>	131,325
Interest received	<b>240,638</b>	1,110,812
8. Interest (Gross) Includes-		
Interest Received on Bank Deposit	<b>7,254</b>	8,299
Interest on Loans	<b>2,151,042</b>	5,387,026
Interest on Others	<b>363,375</b>	195,275
	<b><u>2,521,671</u></b>	<b><u>5,590,600</u></b>
9. Sundry Debtors include Rs. 861,995/- (Previous year Rs. 861,995/-) under litigation.		
10. Segment information as per Accounting Standard - 17 on 'Segment Reporting' :		
The Company has identified two business segments viz. Plywood and Tea. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure & internal business reporting system.		
a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".		
b) Segment Assets and Segment Liabilities represent assets and liabilities of respective segments. Investments, tax related assets and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocable".		

**Schedules annexed to the Accounts (Contd.)**

**Schedule 20 (Contd.)**

c) Information about Primary Business Segment	Plywood	Tea	Others	Unallocated	Total
Segment Revenue	891,852,508	263,854,988	15,041,684	-	1,170,749,180
	(777,148,109)	(228,701,568)	(10,582,469)	-	(1,016,432,146)
Segment Results	32,703,268	19,966,496	-7,605,443	-	45,064,321
	(-8,662,905)	(539,376)	(994,263)	-	(-7,129,266)
Less : Interest					22,522,772
					(25,522,161)
Other unallocable expenditure net of unallocable income					-345,292
					(-926,641)
Total Profit / (Loss) before tax					22,886,841
					(-31,724,786)
Other Information					
Segment Assets	594,089,905	85,119,422	23,356,043	110,429,209	812,994,579
	(432,483,975)	(90,155,474)	(10,184,378)	(148,259,098)	(681,082,925)
Segment Liabilities	258,466,032	12,934,199	1,672,408	239,974,442	513,047,081
	(195,552,681)	(11,761,646)	(116,769)	(188,940,309)	(396,371,405)
Capital Expenditure	73,673,050	24,000	1,682,995	-	75,380,045
	(7,774,346)	(169,950)	(-)	(-)	(7,944,296)
Depreciation & Amortisation	5,022,582	6,763,962	709	-	11,787,253
	(4,889,305)	(7,746,062)	-	(-)	(12,635,367)
Non-cash expense other than depreciation & amortisation	421,092	35,000	-1,550	-	454,542
	(-553,030)	(-)	(-)	(-)	(-553,030)

Notes :

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

	2009-10 Rs.	2008-09 Rs.
11. In calculating Earnings per share		
a) Numerator used :		
Profit / (Loss) after tax	15,447,822	(22,344,426)
b) Denominator used in computing Basic Earning per Share:		
Weighted Average Number of Equity Shares	4,082,885	3,733,296
c) Denominator used in computing Diluted Earning per Share:		
Weighted Average Number of Equity Shares including Potential Equity Shares	4,082,885	4,242,337
d) Nominal value of equity shares (Rs.)	10.00	10.00
e) Basic Earnings per share (a/b) (Rs.)	3.78	(5.99)
f) Diluted Earnings per share (a/c) (Rs.)	3.78	(5.27)
		As at
	31.03.2010	31.03.2009
	Rs.	Rs.
12. The deferred tax liability comprises of -		
a) Deferred tax asset		
Expenses deductible when paid	306,719	309,274
Loss to be set off against future profits	948,561	9,477,518
	<u>1,255,280</u>	<u>9,786,792</u>
b) Deferred tax liability		
Related to Fixed Assets	13,751,191	15,450,843
	<u>13,751,191</u>	<u>15,450,843</u>
Net Deferred Tax Liability	12,495,911	5,664,051



**Schedule 20 (Contd.)**

**13. Related Party Disclosures**

**Particulars of transactions during the year ended 31st March 2010 :**

Nature of Transactions	Associates	Key Management Personnel	Total
Directors Remuneration	-	3,605,496	3,605,496
	(-)	(3,437,831)	(3,437,831)
Sales	4,148,206	-	4,148,206
	(14,969,172)	(-)	(14,969,172)
Purchases	81,058	-	81,058
	(24,712)	(-)	(24,712)
Purchase of Fixed Assets	1,682,995	-	1,682,995
	(-)	(-)	(-)
Rent Received	6,000	-	6,000
	(15,000)	(-)	(15,000)
Interest Received	2,145,020	-	2,145,020
	(5,226,462)	(-)	(5,226,462)
Rent Paid	102,000	-	102,000
	(102,000)	(-)	(102,000)
Licence fee Paid	27,000,000	-	27,000,000
	(24,000,000)	(-)	(24,000,000)
Refund of Loan Given	23,725,000	-	23,725,000
	(25,150,000)	(-)	(25,150,000)
Guarantees Obtained	-	66,100,000	66,100,000
	(-)	(138,200,000)	(138,200,000)
Outstanding against Guarantees Obtained	-	353,397,369	353,397,369
	(-)	(277,436,340)	(277,436,340)
Balance Outstanding at the Balance Sheet Date	1,800,000 Dr	-	1,800,000 Dr
	(42,460,421 Dr)	(-)	(42,460,421 Dr)

**Notes:**

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

Disclosure of Material Transaction with Related Parties	2009-10 Rs.	2008-09 Rs.
Directors Remuneration		
Shri Sudeep Chitlangia	1,780,613	1,777,745
Shri Sohan Lal Yadav	1,824,883	1,660,086
Sales		
Purma Timber Products Ltd.	4,088,853	14,456,397
Purchase		
Madhya Bharat Papers Ltd.	-	24,712
Purma Timber Products Ltd.	81,058	-
Purchase of Fixed Assets		
Purma Timber Products Ltd.	1,682,995	-
Rent Received		
Madhya Bharat Papers Ltd.	6,000	15,000
Interest Received		
Poushali Sales Pvt. Ltd.	2,145,020	5,226,462
License Fee Paid		
P.S Plywood Products Private Ltd.	27,000,000	24,000,000
Rent Paid		
Calcutta Technicians & Advisers Ltd.	90,000	90,000
Madhya Bharat Papers Ltd.	12,000	12,000
Refund of Loan Given		
Poushali Sales Pvt. Ltd.	23,725,000	25,150,000
Guarantees Obtained		
Sudeep Chitlangia	66,100,000	(138,200,000)
Outstanding against Guarantees Obtained		
Sudeep Chitlangia	353,397,369	(277,436,340)
Net Balance Receivable/(Payable)		
Calcutta Technicians & Advisers Ltd.	1,800,000	1,740,000
P.S Plywood Products Private Ltd.	-	2,932,947
Poushali Sales Pvt. Ltd.	-	36,567,860
Purma Timber Products Ltd.	-	1,219,614



## Schedules annexed to the Accounts (Contd.)

### Schedule 20 (Contd.)

**Names of related parties & description of relationship**

Associates :	Calcutta Technicians & Advisers Ltd. Madhya Bharat Papers Ltd. P.S. Plywood Products Pvt. Ltd. Poushali Sales Pvt. Ltd. Purma Timber Products Ltd.
Key Management Personnel :	Shri Sudeep Chitlangia Shri Sohan Lal Yadav

	2009-10 Rs.	2008-09 Rs.
14. Details of Adjustments related to earlier years (Net):		
a) Expenses		
Purchases	-	33,252
Power & Fuel	-	(30,634)
Payment to & Provision for Employees	146,873	24,922
Rates & Taxes	33,013	-
Travelling & Conveyance	12,190	37,434
Advertisement Publicity & Sales Promotion	99,884	36,000
Packing, forwarding, freight & Delivery Exp	49,985	2,980
Entry Tax / VAT	477,468	(15,254)
Interest to Others	35,927	-
Other Expenses	37,748	13,295
Total Expenses	<u>893,088</u>	<u>101,995</u>
b) Income		
Sales	-	(34,728)
Rent Received	87,500	-
Interest Received	267,833	-
Total Income	<u>355,333</u>	<u>(34,728)</u>
Adjustments relating to earlier years (Net)	<u>537,755</u>	<u>136,723</u>
15. Disclosure under clause 32 of the Listing Agreement:		
There are no transactions (except related party transactions) which are required to be disclosed under Clause 32 of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed.		
16. Disclosure pursuant to AS-29 on Provisions, Contingent Liabilities and Contingent Assets:		
a) No provisions for Liabilities was made during the year and no provision was outstanding at the beginning and at the end of the year.		
b) The Contingent liabilities mentioned at Sl No.1 are dependent upon Court decision / out of court settlement / disposal of appeals etc.		
17. Land, Building and Plant & Machinery were revalued on 30th June 1985 as per valuation report of M/S. Consolidated Enterprises on the basis of net replacement value and appreciation on revaluation aggregating to Rs. 1,63,77,041/- was credited to Capital Reserve.		
18. Intangible Assets		
The unamortised amount of Computer Software (Acquired) Rs. 1,256,781/- is to be amortised at the rate of 20% per annum over a period of 4 - 5 years as the case may be.		
19. Disclosure pursuant to AS - 15 (revised 2005) on "Employee Benefits"		

**Defined Contribution Plan:**

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

	2009-10 (Rs.)	2008-09 (Rs.)
Employers' Contribution to Provident Fund & Pension Fund	3,394,489	2,964,141
Employers' Contribution to Superannuation Fund	630,686	582,271

**Defined Benefit Plan:**

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

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

**Schedules annexed to the Accounts (Contd.)**
**Schedule 20 (Contd.)**

	2009 -10			2008 - 09		
	Gratuity (Funded)	Sick Leave (Unfunded)	Earned Leave Encashment (Unfunded)	Gratuity (Funded)	Sick Leave (Unfunded)	Earned Leave Encashment (Unfunded)
<b>I Components of Employer Expense:</b>						
1 Current Service Cost	798,211	52,616	525,985	778,684	91,305	344,909
2 Past Service Cost	-	-	-	-	-	-
3 Interest Cost	782,760	14,744	163,455	578,633	6,607	125,746
4 Expected Return on Plan Asset	836,248	-	-	689,710	-	-
5 Curtailment Cost	-	-	-	-	-	-
6 Settlement Cost	-	-	-	-	-	-
7 Actuarial gain / (loss) recognized in the year	(512,045)	72,913	(547,820)	(1,167,566)	1,706	(760,186)
8 Net Expense Recognised in Statement of Profit & Loss Account	1,256,768	(5,553)	1,237,260	1,835,174	96,206	1,230,842
<b>II Change in Present Value of Defined Benefit Obligation:</b>						
1 Present Value of Defined Benefit Obligation at the Beginning of the year	10,220,373	184,307	2,501,435	7,878,375	88,101	2,082,635
2 Acquisition Adjustment	-	-	-	-	-	-
3 Interest Cost	782,760	14,744	163,455	578,633	6,607	125,746
4 Past Service Cost	-	-	-	-	-	-
5 Current Service Cost	798,211	52,616	525,985	778,684	91,305	344,909
6 Curtailment Cost	-	-	-	-	-	-
7 Settlement Cost	-	-	-	-	-	-
8 Benefits Paid	871,731	-	916,489	326,523	-	812,042
9 Actuarial Gain (Losses)	(663,612)	72,913	(547,820)	(1,311,203)	1,706	(760,186)
10 Present Value of Obligation at the End of the year	11,593,225	178,754	2,822,206	10,220,373	184,307	2,501,435
<b>III Change in Fair Value of Plan Assets</b>						
1 Plan Assets at the Beginning of the year	10,453,109	NA	NA	8,621,378	NA	NA
2 Acquisition Adjustment	-	NA	NA	-	NA	NA
3 Settlement	-	NA	NA	-	NA	NA
4 Expected Return on Plan Assets	836,248	NA	NA	689,710	NA	NA
5 Actual Company Contribution	1,579,675	NA	NA	1,324,907	NA	NA
6 Actual Benefits Paid	871,731	NA	NA	326,523	NA	NA
7 Actuarial Gains/(Losses)	151,567	NA	NA	143,636	NA	NA
8 Plan Assets at the End of the year	12,148,868	NA	NA	10,453,109	NA	NA
<b>IV Net Asset/(Liability) recognized in the Balance Sheet</b>						
1 Present value of Defined Benefit Obligation	11,593,225	178,754	2,822,206	10,220,373	184,307	2,501,435
2 Fair Value on Plan Assets	12,148,868	NA	NA	10,453,109	NA	NA
3 Funded Status (Surplus/(deficit))	555,643	NA	NA	232,736	NA	NA
4 Unrecognised past service cost	-	-	-	-	-	-
5 Net Asset/(Liability) recognized in Balance Sheet	555,643	(178,754)	(2,822,206)	232,736	(184,307)	(2,501,435)
<b>V Actuarial Assumptions</b>						
1 Discount Rate (per annum)	8%	8%	8%	7.50%	7.50%	7.50%
2 Expected rate of return on plan assets (per annum)	8%	NA	NA	8%	NA	NA
3 Salary Increases	5%	5%	5%	5%	5%	5%
4 Retirement/ Superannuation Age	60	60	60	60	60	60
5 Mortality	LICI 1994-96	LICI 1994-96	LICI 1994-96	LICI 1994 - 96	LICI 1994 - 96	LICI 1994 - 96
<b>VI Major Category of Plan Assets as a % of the Total Plan Assets</b>						
Administered by Life Insurance Corporation of India	100%	NA	NA	100%	NA	NA
<b>VII Expected Employer's Contribution for the next year</b>						
Expected Employer's Contribution for the next year	800,000	NA	NA	833,000	NA	NA
<b>VIII Basis used to determine the Expected Rate of Return on Plan Assets:</b>						
The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.						
<b>K Basis of estimates of rate of escalation in salary</b>						
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.						
<b>X Disclosure related to previous years</b>				2007-08		
1 Present value of Defined Benefit Obligation				7,878,375	88,101	2,082,635
2 Fair Value on Plan Assets				8,621,378	NA	NA
3 Funded Status (Surplus/(deficit))				743,003	NA	NA
Above details for the years 2005-06 and 2006-07 are not available and therefore, not disclosed.						
<b>XI Other disclosures</b>						
The Gratuity Expenses have been recognized in "Contribution to Provident, Pension & Other Funds" and provision for Sick Leave and Earned Leave Encashment in "Salaries, Wages, Bonus and other amenities" under Schedule 17.						

**Schedules annexed to the Accounts (Contd.)**

**Schedule 20 (Contd.)**

20. Additional information pursuant to the provisions of paragraphs 3, 4C & 4D of Part-II of Schedule VI to the Companies Act, 1956 :

i) Capacity (Per Annum)	Unit	2009-10		2008-09	
		Licensed Not Applicable	Installed* 37 Lakhs	Licensed Not Applicable	Installed* 37 Lakhs
a) Tea	Kgs.				
b) Plywood	Sqr.Mtr.on 4mm basis	30 Lakhs	30 Lakhs	45 Lakhs	45 Lakhs
*(As certified by the Management)					
ii) Particulars about Finished Goods	Unit	Quantity	Amount Rs.	Quantity	Amount Rs.
<b>A. Manufacturing</b>					
a) Production					
Plywood	Sqr.Mtr.on 4mm basis	3,142,910		3,039,210	
Veneer *	cbm.	10,379		5,481	
Tea	Kgs.	2,633,746		2,346,287	
* includes 7816 cbm (Previous year 3763 cbm) for captive consumption					
b) Sales					
Plywood	Sqr.Mtr.on 4mm basis	3,123,215	771,418,851	2,974,179	653,620,994
Veneer	cbm.	2,705	43,524,513	1,740	25,973,161
Tea	Kgs.	2,572,279	261,944,624	2,498,016	227,558,679
			<u>1,076,887,987</u>		<u>907,152,834</u>
c) Opening Stock					
Plywood	Sqr.Mtr.on 4mm basis	209,208	39,598,700	144,177	24,909,589
Veneer	cbm.	527	15,770,136	549	18,247,698
Tea	Kgs.	111,834	8,163,517	263,563	16,586,108
			<u>63,532,353</u>		<u>59,743,395</u>
d) Closing Stock					
Plywood	Sqr.Mtr.on 4mm basis	228,903	57,618,522	209,208	39,598,700
Veneer	cbm.	385	10,258,412	527	15,770,136
Tea	Kgs.	173,301	12,603,441	111,834	8,163,517
			<u>80,480,375</u>		<u>63,532,353</u>
<b>B. Trading</b>					
a) Purchase					
Plywood	Sqr.Mtr.on 4mm basis	782,680	90,607,596	730,609	55,874,673
Laminates	Sheet	488	255,563	10,390	4,644,486
Furnitures	Nos.	11,336	15,084,994	1,290	15,294,134
Others			77,643		-
			<u>106,025,796</u>		<u>75,813,293</u>
b) Sales					
Plywood	Sqr.Mtr.on 4mm basis	847,276	134,750,653	828,763	122,939,555
Laminates	Sheet	8,800	1,721,554	21,821	10,582,469
Furnitures	Nos.	6,140	12,926,443	1,342	17,365,501
Others			109,158		-
			<u>149,507,807</u>		<u>150,887,525</u>

**Schedules annexed to the Accounts (Contd.)**

Schedule 20 (Contd.)		Unit	2009 - 10		2008 - 09	
			Quantity	Amount Rs.	Quantity	Amount Rs.
c)	Opening Stock					
	Plywood	Sqr.Mtr.on 4mm basis	<b>204,418</b>	<b>26,939,698</b>	302,572	44,161,642
	Laminates	Sheet	<b>8,312</b>	<b>3,369,293</b>	19,743	7,547,732
	Furnitures	Nos.	<b>1,158</b>	<b>8,296,230</b>	1,210	8,240,318
				<u><b>38,605,221</b></u>		<u>59,949,692</u>
d)	Closing Stock					
	Plywood	Sqr.Mtr.on 4mm basis	<b>139,822</b>	<b>21,755,318</b>	204,418	26,939,698
	Laminates	Sheet	-	-	8,312	3,369,293
	Furnitures	Nos.	<b>6,354</b>	<b>13,682,318</b>	1,158	8,296,230
				<u><b>35,437,636</b></u>		<u>38,605,221</u>
NOTES: a) Plywood includes Block Boards & Flush Doors.						
b) Sales includes samples, shortages and damages.						
iii)	Raw Materials Consumed					
	Green Leaves	Kgs	<b>11,845,098</b>	<b>191,887,272</b>	10,645,044	155,518,366
	Timber	cbm	<b>13,854</b>	<b>253,473,346</b>	6,858	154,083,451
	Veneers (excl. own production)cbm		<b>6,838</b>	<b>158,983,574</b>	9,430	147,890,318
	Planks & Beams	cbm	<b>9,087</b>	<b>77,224,277</b>	9,362	72,862,189
	Others			<b>75,078,246</b>		59,873,275
				<u><b>756,646,715</b></u>		<u>590,227,599</u>
iv)	Value of Raw Materials Consumed					
	Indigeneous		<b>52.51%</b>	<b>397,313,439</b>	57.64%	340,188,162
	Imported		<b>47.49%</b>	<b>359,333,276</b>	42.36%	250,039,437
			<u><b>100.00%</b></u>	<u><b>756,646,715</b></u>	<u>100.00%</u>	<u>590,227,599</u>
v)	Value of Imports on C.I.F. basis					
	Raw Materials			<b>262,806,113</b>		236,491,090
	Trading Goods			<b>7,978,766</b>		9,342,606
	Machinery & Spares			<b>1,989,396</b>		651,705
vi)	Expenditure in Foreign Currency					
	Travelling			<b>729,501</b>		1,132,117
	Interest			<b>366,349</b>		-
	Others			<b>82,469</b>		95,787
vii)	Value of Stores & Spare Parts and Chemicals					
	Indigeneous		<b>72.82%</b>	<b>8,268,313</b>	100.00%	11,850,026
	Imported		<b>27.18%</b>	<b>3,085,514</b>	-	-
			<u><b>100.00%</b></u>	<u><b>11,353,827</b></u>	<u>100.00%</u>	<u>11,850,026</u>

21. Figures for the previous year have been regrouped / rearranged wherever considered necessary to make them comparable with those of the current year.

**Schedules annexed to the Accounts (Contd.)**

**Schedule 20 (Contd.)**

**22. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No.	<input type="text" value="23493"/>		<input type="text" value="21"/>
Balance Sheet Date	<input type="text" value="31"/>	<input type="text" value="03"/>	<input type="text" value="2010"/>
	Date	Month	Year

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue	<input type="text" value="NIL"/>	Right Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousand)

	Total Liabilities	Total Assets
	<input type="text" value="539,536"/>	<input type="text" value="539,536"/>
Sources of Funds	Paid-up Capital	Reserve & Surplus
	<input type="text" value="40,857"/>	<input type="text" value="259,090"/>
	Secured Loans	Unsecured Loans
	<input type="text" value="224,824"/>	<input type="text" value="2,269"/>

	Deferred Tax Liability	
	<input type="text" value="12,496"/>	
Application of Funds	Net Fixed Assets	Investments
	<input type="text" value="155,115"/>	<input type="text" value="105,641"/>
	Net Current Assets	Misc.Expenditure
	<input type="text" value="278,780"/>	<input type="text" value="-"/>

IV. Performance of Company (Amount in Rs.Thousand)

	Turnover*	Total Expenditure
*includes other income	<input type="text" value="1,252,750"/>	<input type="text" value="1,229,863"/>
	Profit/(Loss) before tax	Profit/(Loss) after tax
	<input type="text" value="22,887"/>	<input type="text" value="15,448"/>
	Earning per Share in Rs.	Dividend Rate %
	<input type="text" value="3.78"/>	<input type="text" value="Nil"/>

V. Generic Names of Principal Products/Services of the Company (as per monetary terms)

(in monetary terms)	Item Code No.	<input type="text" value="4412"/>
	Product Description	<input type="text" value="Plywood"/>
	Item Code No.	<input type="text" value="0902"/>
	Product Description	<input type="text" value="Black Tea"/>

( Signatories for Schedules 1 to 20 )

As per our Report of even date annexed

For G.P. AGRAWAL & CO.  
Chartered Accountants

CA. SUNITA KEDIA  
(Membership No.60162)  
Partner  
F.R.No. 302082E  
Kolkata : 27th May, 2010

B.L.MUNDHRA  
Chief Financial Officer &  
Company Secretary

On behalf of the Board

SUJIT CHAKRAVORTI  
Director

SUDEEP CHITLANGIA  
Managing Director



**CASH FLOW STATEMENT for the year ended 31st March, 2010**

	2009-10	2008-09
	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax	22,886,841	(31,724,786)
Adjustments for :		
Depreciation	11,575,409	12,423,523
Loss / (Profit) on Sale of Fixed Assets	240,350	(1,303,193)
Provision for diminution in value of Investments	(14,945)	164,332
Interest Received	(2,521,671)	(5,590,600)
Interest Paid	22,522,772	25,522,161
Dividend	(3,283)	(38,316)
<b>Operating Profit / (Loss) before Working Capital Changes</b>	<u>54,685,473</u>	<u>(546,879)</u>
Adjustments for :		
Trade and Other receivables	(25,181,733)	(45,228,906)
Inventories	(79,129,752)	28,134,589
Trade Payables	65,641,543	(12,188,631)
<b>Cash Generated from Operations</b>	<u>16,015,531</u>	<u>(29,829,827)</u>
Direct Taxes Paid / Refund	666,516	(938,985)
<b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>	<u>16,682,047</u>	<u>(30,768,812)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to Fixed Assets	(75,380,045)	(7,944,296)
Sale of Fixed Assets	653,503	2,931,921
Investment in Deposit/Bills	36,571,159	28,921,718
Interest Income	2,521,671	5,590,600
Dividend Income	3,283	38,316
<b>NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>	<u>(35,630,429)</u>	<u>29,538,259</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of Long Term Borrowings	47,562,959	-
Repayment of Long Term Borrowings	(14,300,000)	(18,100,000)
Working Capital Borrowings	10,757,314	29,769,462
Proceeds from Equity Shares	-	14,743,080
Other Loans & Advances	284,340	(284,877)
Interest Paid	(22,522,772)	(25,522,161)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<u>21,781,841</u>	<u>605,504</u>
<b>D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALANTS</b>		
Cash and Cash Equivalants (Opening)	16,587,649	17,212,698
Cash and Cash Equivalants (Closing)	<u>19,421,108</u>	<u>16,587,649</u>
<b>NET INCREASE / (DECREASE)</b>	<u>2,833,459</u>	<u>(625,049)</u>

**Notes :**

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 on Cash Flow Statement notified in the Companies (Accounting Standards) Rules 2006.
- 2) Figures in brackets represent cash outflow.
- 3) Cash and Cash equivalent at the end of the year consist of :

	As at	As at
	31.03.2010	31.03.2009
a) Cash and Cheques on hand	10,216,550	10,884,623
b) Balances with banks in Current Accounts	9,204,558	5,703,026
Cash and Cash equivalent at the end of the year	<u>19,421,108</u>	<u>16,587,649</u>
Balances with banks in Dividend Accounts	385,533	487,873
Deposits with original maturity over three months	60,000	60,000
Cash & Bank Balances as per Schedule 9	<u>19,866,641</u>	<u>17,135,522</u>

4) Cash equivalents does not include any amount which is not available for use. This is the Cash Flow Statement referred to in our report of even date.

For G.P. AGRAWAL & CO.  
Chartered Accountants

CA. SUNITA KEDIA  
(Membership No.60162)  
Partner  
F.R.No. 302082E  
Kolkata : 27th May, 2010

B.L.MUNDHRA  
Chief Financial Officer &  
Company Secretary

SUJIT CHAKRAVORTI  
Director

SUDEEP CHITLANGIA  
Managing Director



INDIA'S NO.1 BLOCK BOARD



Plywood & Blockboard



ALL WEATHER PROOF PLYWOOD



FIRE RETARDANT PLYWOOD AND BLOCKBOARD



TEAK DECORATIVE PLYWOOD



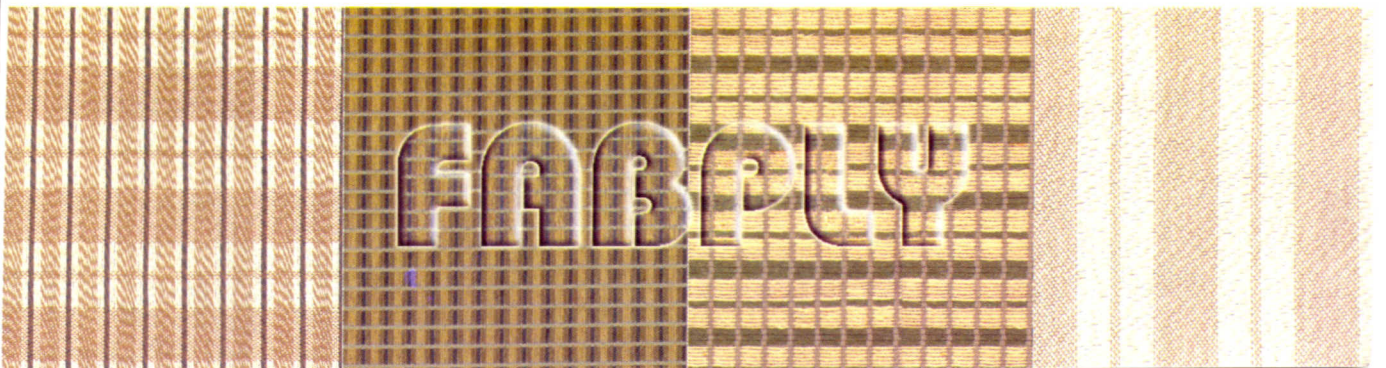
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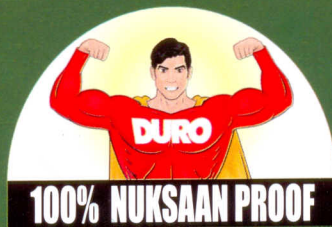


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